

074551.0110(207)

RMC:las

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEBRASKA
OMAHA DIVISION**

PEKIN INSURANCE COMPANY,)
)
 Plaintiff,)
)
 v.)
)
 INDIAN CREEK GOLF COURSE, LLC,)
 a Nebraska limited liability company,)
 GEORGE L. DENNIS, and BONNIE)
 DENNIS,)
)
 Defendants.)

8:14CV93

**FILED
U.S. DISTRICT COURT
DISTRICT OF NEBRASKA
14 MAR 21 PM 1:46
OFFICE OF THE CLERK**

COMPLAINT FOR DECLARATORY JUDGMENT

Now comes the Plaintiff, Pekin Insurance Company, by and through its attorney, Robert Marc Chemers of Pretzel & Stouffer, Chartered, and for its Complaint for Declaratory Judgment against the Defendants, Indian Creek Golf Course, LLC, a Nebraska limited liability company, George L. Dennis, and Bonnie Dennis, alleges the following:

JURISDICTION

1. The jurisdiction of this Court is premised upon 28 U.S.C. § 1332 because there is complete diversity of citizenship between the parties and the amount in controversy exceeds the sum of \$75,000, exclusive of interest and costs, in this action seeking a declaration of no insurance coverage.

VENUE

2. Venue is premised upon 28 U.S.C. § 1391 as the Defendants are residents of this District.

THE PARTIES

3. Pekin Insurance Company (hereinafter “Pekin”) is an Illinois insurance corporation, which maintains its principal place of business in Pekin, Illinois, and which at all times herein relevant was licensed to and which did transact insurance business in the State of Illinois.

4. Indian Creek Golf Course, LLC (hereinafter “Indian Creek”) is a Nebraska limited liability company which maintains its principal place of business in Elkhorn, Nebraska. The members of the LLC are Robert Gottsch and Bill Gottsch and each is a citizen and resident of the State of Nebraska.

5. George L. Dennis and Bonnie Dennis (hereinafter “the underlying Plaintiffs”) are the plaintiffs in a certain action brought against Indian Creek in another Court, which action will be more fully described later herein, and who are nominal but interested parties to this declaratory judgment action. Pekin seeks no relief from the underlying Plaintiffs, who have been joined herein as party defendants solely in order to be bound by the judgment rendered in this cause. Each is a citizen of the State of Nebraska, who reside in Elkhorn, Nebraska.

THE PEKIN POLICY

6. Pekin issued its policy of insurance numbered 00CL23789-X to Lohmann Golf Designs, Inc., an Illinois corporation (hereinafter "Lohmann"), as named insured. The policy provided for Commercial General Liability Insurance for the effective period of February 23, 2012 to February 23, 2013. A certified true and correct copy of the Pekin policy is attached hereto, made a part hereof and is marked as Pleading Exhibit A.

THE UNDERLYING LITIGATION

7. The underlying Plaintiffs have filed an action against Indian Creek in the District Court of Douglas County, Nebraska, under Cause No. CI 13-0006413. A true and correct copy of the Complaint in that action is attached hereto, made a part hereof and is marked as Pleading Exhibit B.

8. The underlying Plaintiffs seek damages from Indian Creek for injuries allegedly sustained on July 13, 2012, all of which more fully appears in Pleading Exhibit B attached hereto.

TENDER OF DEFENSE

9. Pekin has refused to provide Indian Creek with a defense under the policy it issued to Lohmann for the underlying Plaintiffs' claims for the reasons herein stated.

COUNT I (DECLARATORY JUDGMENT RE: NO DUTY TO DEFEND)

10. Pekin adopts and repeats the allegations of ¶¶ 1 through 9 as and for ¶ 10 hereof as though the same were fully set forth herein.

11. While the Pekin policy, Pleading Exhibit A, extends coverage to an “insured” for “bodily injury” as defined therein, the claims in the underlying action by the underlying Plaintiffs do not involve either as those terms are defined.

12. Pekin contends that Indian Creek is not entitled to any coverage under the Pekin policy because Indian Creek is not an “insured,” by definition, endorsement or otherwise, as the Pekin policy issued to Lohmann extends “insured” status to:

WHO IS AN INSURED

1. If you are designated in the Declarations as:

* * * * *

- d.** An organization other than a partnership, joint venture or limited liability company, you are an insured. Your “executive officers” and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

13. The above contentions of Pekin are, on information and belief, denied by Indian Creek which, in turn, contends that it is entitled to coverage under the Pekin policy of insurance. Pekin, in turn, denies the contrary contentions of Indian Creek and each of them.

14. By reason of the foregoing, an actual and justiciable controversy exists between the parties and each of them, which may be determined by a judgment or order of this Court. Pursuant to the terms of 28 U.S.C. § 2201 and 2202, this Court has the power to declare and

adjudicate the rights and liabilities of the parties hereto under the terms and provisions of the policy of insurance referred to herein, and to adjudicate the final rights of all parties, and to give such other and further relief as may be necessary to enforce the same.

PRAYERS FOR RELIEF

WHEREFORE, the Plaintiff, Pekin Insurance Company, prays that this Court enters judgment finding and declaring the rights of the parties as follows:

AS TO COUNT I:

- A. That Pekin Insurance Company has no duty or obligation to provide a defense to Indian Creek Golf Course, LLC for the action filed in the District Court of Douglas County, Nebraska, under Cause No. CI 13-0006413, under its policy of insurance.
- B. That the Court grant Pekin Insurance Company such other and further relief as the Court deems fit and just under the circumstances.
- C. That Pekin Insurance Company be awarded and have and recover its just and reasonable costs incurred herein and have execution issue therefor.

Respectfully submitted:



Robert Marc Chemers - Bar No. 00431508
Attorneys for Plaintiff
PRETZEL & STOUFFER, CHARTERED
One South Wacker Drive, Suite 2500
Chicago, Illinois 60606
Telephone: (312) 578-7548
Fax: (312) 346-8242
E-Mail: rchemers@pretzel-stouffer.com

074551.0110(207)

RMC:las

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEBRASKA
OMAHA DIVISION**

PEKIN INSURANCE COMPANY,)
)
Plaintiff,)
)
v.)
)
INDIAN CREEK GOLF COURSE, LLC,)
a Nebraska limited liability company,)
GEORGE L. DENNIS, and BONNIE)
DENNIS,)
)
Defendants.)

EXHIBIT LIST

COMPLAINT FOR DECLARATORY JUDGMENT

- A. Pekin policy of insurance numbered 00CL23789-X to Lohmann Golf Designs, Inc.
- B. Complaint filed in the District Court of Douglas County, Nebraska, under Cause No. CI 13-0006413.

EXHIBIT A



PEKIN INSURANCE COMPANY
2505 COURT STREET PEKIN ILLINOIS 61558

THIS POLICY CONSISTS OF:

Common Policy Conditions

Common Declarations

One or more Coverage Parts and Declarations

Applicable Endorsements

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.

Daniel V. Connell

Scott A. Martin

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least
 - a. 10 days before the effective date of cancellation if we cancel for non-payment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

07/26/12

**PEKIN INSURANCE COMPANY**

(A STOCK COMPANY)

HOME OFFICE 2505 COURT STREET PEKIN, ILLINOIS 61558

DOCUMERGE

COMMERCIAL LINES POLICY**COMMON DECLARATIONS****AMENDING POLICY**THIS IS TO CERTIFY THAT THIS IS A TRUE
COPY OF THE POLICY AS OF 3/19/14

POLICY NO: 00CL23789-X

NAME AND ADDRESS OF INSURED:LOHMANN GOLF DESIGNS INC
18250 BECK RD
MARENGO, IL 60152Brian J. Weiland
AGENT: 00-00189-000
KRW INSURANCE AGENCY, INC.POLICY PERIOD: FROM 02/23/12 TO 02/23/13 AT 12:01 A.M. STANDARD
TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.**BUSINESS DESCRIPTION: GOLF COURSE DESIGNERS**IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL
THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE
INSURANCE AS STATED IN THIS POLICY.THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS
FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE
SUBJECT TO ADJUSTMENT.

COMMERCIAL GENERAL LIABILITY COVERAGE PART	101.00
COMMERCIAL INLAND MARINE COVERAGE PART	239.00
COMMERCIAL PROPERTY COVERAGE PART	1,766.00

TOTAL 2,106.00TOTAL AMOUNT OF CHANGE: \$256.00 RETURN PREMIUM
PREMIUM PAYMENT PLAN: QUARTERLY AGENCY BILL

DATE: _____

COUNTERSIGNED: _____

00-00189-000 KRW INSURANCE AGENCY, INC.

THESE DECLARATIONS, TOGETHER WITH THE COMMON POLICY CONDITIONS AND
COVERAGE FORM(S) AND ANY ENDORSEMENT(S), COMPLETE THE ABOVE NUMBERED
POLICY.COVERAGE FORMS THAT APPLY TO THE ENTIRE POLICY FOLLOW THIS DECLARATIONS.
COVERAGE FORMS THAT APPLY ONLY TO A PARTICULAR COVERAGE PART FOLLOW
THE APPLICABLE COVERAGE PART DECLARATIONS.

Includes copyrighted material of Insurance Services Office, Inc. with its permission.

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

Terrorism Premium (Certified Acts) \$ 19.00

This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(s):

General Liability	\$	1.00
Inland Marine	\$	5.00
Property	\$	13.00

Effective January 1, 2006, Terrorism Risk Insurance Program has terminated with respect to (therefore no longer applies to) Commercial Crime and Garage Coverages. No premium is charged for these coverages.

In accordance with the Terrorism Risk Insurance Act, we have offered you coverage for losses resulting from an act of terrorism, as defined in the act. You may accept or reject this offer.

In the states of Illinois & Iowa, if your policy contains the Commercial Property Coverage Part, and in the state of Wisconsin, if your policy contains the Commercial Property and/or the Inland Marine Coverage Part, a rejection of this offer still provides coverage for fire losses resulting from a certified act of terrorism. Therefore, if you reject the offer of terrorism coverage, that rejection does not apply to fire losses resulting from a certified act of terrorism. Coverage for such fire loss will still be provided in your policy. If you reject the offer described above for terrorism coverage, a premium is still due.

To determine this premium charge, multiply the applicable terrorism premium for the Property Coverage and/or Inland Marine Coverage as described above, by .60.

Example: \$20.00 x .60 = \$12.00

Additional information, if any, concerning the terrorism premium:

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under

the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), The Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.



PEKIN INSURANCE COMPANY

(A STOCK COMPANY)

HOME OFFICE 2505 COURT STREET PEKIN, ILLINOIS 61558

**COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS
AMENDING POLICY**

NAMED INSURED: LOHMANN GOLF DESIGNS INC

POLICY NO: 00CL23789-X

LIMITS OF INSURANCE:

GENERAL AGGREGATE LIMIT

(OTHER THAN PRODUCTS-COMPLETED OPERATIONS)	\$ 1,000,000.
PRODUCTS-COMPLETED OPERATIONS AGGREGATE LIMIT	1,000,000.
PERSONAL & ADVERTISING INJURY LIMIT (ANY ONE PERSON OR ORGANIZATION)	500,000.
EACH OCCURRENCE LIMIT	500,000.
DAMAGE TO PREMISES RENTED TO YOU LIMIT (ANY ONE PREMISES)	100,000.
MEDICAL EXPENSE LIMIT (ANY ONE PERSON)	5,000.

FORM OF BUSINESS: CORPORATION

DEDUCTIBLE: \$0 DEDUCTIBLE APPLIES TO THIS COVERAGE PART

OTHER ENDORSEMENTS AND FORMS ATTACHED TO THIS COVERAGE PART:

CG0001 1001	CG0005 0605	CG0062 1202	CG0068 0509	CG0200 0705	CG2011 0196
CG2132 0509	CG2147 0798	CG2160 0998	CG2171 0608	CG2176 0108	CG2187 0107
CG2196 0305	CG2243 0798	CG5021 0107	CG5034 0605	IL0017 1198	IL0019 1211
IL0021 0498	IL0985 0108	IL1003 0406	IL2001 0911	001696 0611	

LOCATION OF ALL PREMISES THAT THIS COVERAGE PART APPLIES TO:

01 18250 BECK RD, MARENGO, IL

EXPOSURE CHANGE

PAGE 1 OF 2

CG 00 05 06 05

Exhibit A Page 5 of 125

**PEKIN INSURANCE COMPANY**

(A STOCK COMPANY)

HOME OFFICE 2505 COURT STREET PEKIN, ILLINOIS 61558

**COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS
AMENDING POLICY**

NAMED INSURED: LOHMANN GOLF DESIGNS INC

POLICY NO: 00CL23789-X

LOC. NO.	CLASSIFICATION	CODE NO.	PREMIUM BASIS	RATE	ADVANCE PREMIUM	
					PREMISES/ OPERATIONS	PRODUCTS/ COMPLETED OPERATIONS
01	CONTR-SUB-1/2 FAMILY DWEL	91583	C-	STA	.226	\$ 0.00
01	CONTR-SUB-1/2 FAMILY DWEL	91583	C-	STA	2.414	\$ 0.00
01*	DRAFTSMEN	91805	P-	97200	.741	\$ 72.00
01*	ENGINEER/ARCHITECT-CONSUL	92663	P-	STA	3.640	\$ 0.00
01	PREMS/OP BALANCE TO MIN	11111	-		.000	\$ 1.00
01	BAL TO POLICY MIN PREM	99999	-		.000	\$ 27.00

TERRORISM RISK INSURANCE

\$ 1.00

* INCLUDING PRODUCTS AND/OR COMPLETED OPERATIONS



PEKIN INSURANCE COMPANY

(A STOCK COMPANY)

HOME OFFICE 2505 COURT STREET PEKIN, ILLINOIS 61558

**COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS
AMENDING POLICY**

NAMED INSURED: LOHMANN GOLF DESIGNS INC

POLICY NO: 00CL23789-X

LOC NO.	NAME/ADDRESS	ADDITIONAL INTEREST	TYPE OF INTEREST
01	001 ROBERT M & CAROL I LOHMANN 2613 WYNDSONG CRYSTAL LAKE IL 60014		ADDITIONAL INSURED
01	002 ROBERT M LOHMANN AS TRUSTEE IN LOHMANN REVOCABLE TRUST DATED 6/18/11 & CAROL I LOHMANN AS TRUSTEE IN LOHMANN REVOCABLE TRUST DATED 2613 WYNDSONG CT CRYSTAL LAKE IL 60014		ADDITIONAL INSURED

COMMERCIAL GENERAL LIABILITY

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II - Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V - Definitions.

SECTION I - COVERAGES**COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY****1. Insuring Agreement**

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

- b. This insurance applies to "bodily injury" and "property damage" only if:

(1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(2) The "bodily injury" or "property damage" occurs during the policy period; and

(3) Prior to the policy period, no insured listed under Paragraph 1. of Section II - Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II - Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II - Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic

beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
 - (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
 - (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;
 - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

- (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
 - (i) Any insured; or
 - (ii) Any person or organization for whom you may be legally responsible; or
- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
 - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

- (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
 - (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- (2) Any loss, cost or expense arising out of any:
- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".
- However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property

for any reason, including prevention of injury to a person or damage to another's property;

- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III - Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III - Limits Of Insurance.

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods - Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of websites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-Related

Any loss, cost or expense arising out of any:

- (1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

COVERAGE C MEDICAL PAYMENTS

1. Insuring Agreement

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
- (2) On ways next to premises you own or rent; or

- (3) Because of your operations;

provided that:

- (1) The accident takes place in the "coverage territory" and during the policy period;
- (2) The expenses are incurred and reported to us within one year of the date of the accident; and
- (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while taking part in athletics.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

h. War

Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS - COVERAGES A AND B**1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:**

- a. All expenses we incur.
- b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- e. All costs taxed against the insured in the "suit".
- f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

- a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- b. This insurance applies to such liability assumed by the insured;
- c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
- e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f. The indemnitee:
 - (1) Agrees in writing to:
 - (a) Cooperate with us in the investigation, settlement or defense of the "suit";
 - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (c) Notify any other insurer whose coverage is available to the indemnitee; and
 - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
 - (2) Provides us with written authorization to:
 - (a) Obtain records and other information related to the "suit"; and
 - (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorney's fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of Section I - Coverage A - Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

SECTION II - WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or
- (d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

- (a) Owned, occupied or used by,
- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization is an insured with respect to:
 - a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
 - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
 4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.
- No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".

2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under Coverage C;
 - b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
 - c. Damages under Coverage B.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under Coverage A; and
 - b. Medical expenses under Coverage C because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**1. Bankruptcy**

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

This insurance is excess over:

(1) Any of the other insurance, whether primary, excess, contingent or on any other basis:

- (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
- (b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
- (c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
- (d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Section I - Coverage A - Bodily Injury And Property Damage Liability.

(2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under Coverages A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in a. above; or
 - c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in a. above;
 - (2) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.
5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;
 if such property can be restored to use by:
 - a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
 - b. Your fulfilling the terms of the contract or agreement.
9. "Insured contract" means:
 - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
 - b. A sidetrack agreement;
 - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e. An elevator maintenance agreement;
 - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

 - (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
 - (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
 - (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.
10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
11. "Loading or unloading" means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
 - b. While it is in or on an aircraft, watercraft or "auto"; or
 - c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;
- but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".
12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - b. Vehicles maintained for use solely on or next to premises you own or rent;
 - c. Vehicles that travel on crawler treads;
 - d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
 - e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
 - f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.
However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":
 - (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
 - (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 - d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in your "advertisement"; or
 - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
16. "Products-completed operations hazard":
 - a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.

(b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

(c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

(1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;

(2) The existence of tools, uninstalled equipment or abandoned or unused materials; or

(3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

a. Means:

(1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) You;

(b) Others trading under your name; or

(c) A person or organization whose business or assets you have acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work", and

(2) The providing of or failure to provide warnings or instructions.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL GENERAL LIABILITY

WAR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. Exclusion i. under Paragraph 2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability is replaced by the following:

2. Exclusions

This insurance does not apply to:

i. WAR

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war; or
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

WAR

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

- a. War, including undeclared or civil war; or
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

C. Exclusion h. under Paragraph 2., Exclusions of Section I - Coverage C - Medical Payments does not apply. Medical payments due to war are now subject to Exclusion g. of Paragraph 2., Exclusions of Section I - Coverage C - Medical Payments since "bodily injury" arising out of war is now excluded under Coverage A.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL GENERAL LIABILITY

**RECORDING AND DISTRIBUTION OF MATERIAL OR
INFORMATION IN VIOLATION OF LAW EXCLUSION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. Exclusion q. of Paragraph 2. Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability is replaced by the following:

2. Exclusions

This insurance does not apply to:

- q. **Recording And Distribution Of Material Or Information In Violation Of Law**

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

- B. Exclusion p. of Paragraph 2. Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability is replaced by the following:

2. Exclusions

This insurance does not apply to:

- p. **Recording And Distribution Of Material Or Information In Violation Of Law**

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL GENERAL LIABILITY

**ILLINOIS CHANGES - CANCELLATION
AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PRODUCT WITHDRAWAL COVERAGE PART

A. **Cancellation** (Common Policy Conditions) is replaced by the following:

CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing to us advance written notice of cancellation.
2. We may cancel this policy by mailing to you written notice stating the reason for cancellation. If we cancel:
 - a. For nonpayment of premium, we will mail the notice at least 10 days prior to the effective date of cancellation.
 - b. For a reason other than nonpayment of premium, we will mail the notice at least:
 - (1) 30 days prior to the effective date of cancellation if the policy has been in effect for 60 days or less.
 - (2) 60 days prior to the effective date of cancellation if the policy has been in effect for more than 60 days.
3. If this policy has been in effect for more than 60 days, we may cancel only for one or more of the following reasons:
 - a. Nonpayment of premium;
 - b. The policy was obtained through a material misrepresentation;
 - c. Any insured has violated any of the terms and conditions of the policy;
 - d. The risk originally accepted has measurably increased;
 - e. Certification of the Director of Insurance of the loss of reinsurance by the insurer that provided coverage to us for all or a substantial part of the underlying risk insured; or

f. A determination by the Director of Insurance that the continuation of the policy could place us in violation of the insurance laws of this State.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund will be less than pro rata. The cancellation will be effective even if we have not offered a refund.

B. The following is added and supersedes any provision to the contrary:

NONRENEWAL

If we decide not to renew or continue this policy, we will mail you and your agent or broker written notice, stating the reason for nonrenewal, at least 60 days before the end of the policy period. If we offer to renew or continue and you do not accept, this policy will terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you have not accepted our offer.

If we fail to mail proper written notice of nonrenewal and you obtain other insurance, this policy will end on the effective date of that insurance.

C. Mailing Of Notices

We will mail cancellation and nonrenewal notices to you, and the agent or broker, at the last addresses known to us. Proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL GENERAL LIABILITY

**ADDITIONAL INSURED -
MANAGERS OR LESSORS OF PREMISES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

1. Designation of Premises (Part Leased to You): 18250 BECK RD, MARENGO, IL

2. Name of Person or Organization (Additional Insured):

ROBERT M & CAROL I LOHMANN
2613 WYNDSONG
CRYSTAL LAKE IL 60014

3. Additional Premium: NO CHARGE

(If no entry appears above, the information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person or organization shown in the Schedule.

01/18/12

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL GENERAL LIABILITY

**ADDITIONAL INSURED -
MANAGERS OR LESSORS OF PREMISES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

1. Designation of Premises (Part Leased to You): 18250 BECK RD, MARENGO, IL

2. Name of Person or Organization (Additional Insured):

ROBERT M LOHMANN AS	TRUSTEE IN LOHMANN
REVOCABLE TRUST DATED	6/18/11 & CAROL I LOHMANN
AS TRUSTEE IN LOHMANN	REVOCABLE TRUST DATED
6/18/11 OR THEIR	SUCCESSOR TRUSTEE THERE
UNDER	
2613 WYNDSONG CT	
CRYSTAL LAKE IL 60014	

3. Additional Premium: NO CHARGE

(If no entry appears above, the information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person or organization shown in the Schedule.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMUNICABLE DISEASE EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. The following exclusion is added to Paragraph 2. Exclusions of Section 1 - Coverage A - Bodily Injury And Property Damage Liability:

2. Exclusions

This insurance does not apply to:

Communicable Disease

"Bodily injury" or "property damage" arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- a. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b. Testing for a communicable disease;
- c. Failure to prevent the spread of the disease; or
- d. Failure to report the disease to authorities.

- B. The following exclusion is added to Paragraph 2. Exclusions of Section 1 - Coverage B - Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

Communicable Disease

"Personal and advertising injury" arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- a. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b. Testing for a communicable disease;
- c. Failure to prevent the spread of the disease; or
- d. Failure to report the disease to authorities.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL GENERAL LIABILITY

EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:

This insurance does not apply to:

"Bodily injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

- B. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:

This insurance does not apply to:

"Personal and advertising injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL GENERAL LIABILITY

**EXCLUSION - YEAR 2000 COMPUTER-RELATED AND
OTHER ELECTRONIC PROBLEMS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability and Paragraph 2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to "bodily injury", "property damage", "personal injury" or "advertising injury" (or "personal and advertising injury" if defined as such in your policy) arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of:

(1) Any of the following, whether belonging to any insured or to others:

- (a) Computer hardware, including microprocessors;
- (b) Computer application software;
- (c) Computer operating systems and related software;

(d) Computer networks;

(e) Microprocessors (computer chips) not part of any computer system; or

(f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 2.a.(1) of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph 2.a. of this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION OF OTHER ACTS OF TERRORISM
COMMITTED OUTSIDE THE UNITED STATES;
CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM

"Any injury or damage" arising, directly or indirectly, out of an "other act of terrorism" that is committed outside of the United States (including its territories and possessions and Puerto Rico), but within the "coverage territory". However, this exclusion applies only when one or more of the following are attributed to such act:

1. The total of insured damage to all types of property exceeds \$25,000,000 (valued in U.S. dollars). In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the terrorism and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
2. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - a. Physical injury that involves a substantial risk of death; or
 - b. Protracted and obvious physical disfigurement; or

c. Protracted loss of or impairment of the function of a bodily member or organ; or

3. The terrorism involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
4. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

With respect to this exclusion, Paragraphs 1. and 2. describe the thresholds used to measure the magnitude of an incident of an "other act of terrorism" and the circumstances in which the threshold will apply for the purpose of determining whether this exclusion will apply to that incident.

B. The following definitions are added:

1. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Part to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part.

2. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
 - a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act;
 - b. The act resulted in damage:
 - (1) Within the United States (including its territories and possessions and Puerto Rico); or
 - (2) Outside of the United States in the case of:
 - (a) An air carrier (as defined in Section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or
 - (b) The premises of any United States mission; and
 - c. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
3. "Other act of terrorism" means a violent act or

an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not a "certified act of terrorism".

Multiple incidents of an "other act of terrorism" which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.

- C. In the event of an "other act of terrorism" that is not subject to this exclusion, coverage does not apply to any loss or damage that is otherwise excluded under this Coverage Part.
- D. If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to prorata allocation in accordance with procedures established by the Secretary of the Treasury.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL GENERAL LIABILITY

**EXCLUSION OF PUNITIVE DAMAGES
RELATED TO A CERTIFIED ACT OF TERRORISM**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM PUNITIVE DAMAGES

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

B. The following definition is added:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL GENERAL LIABILITY

**CONDITIONAL EXCLUSION OF TERRORISM
(RELATING TO DISPOSITION OF FEDERAL TERRORISM
RISK INSURANCE ACT)**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

**A. Applicability Of The Provisions Of This
Endorsement**

1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.
 - a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act has terminated with respect to the type of insurance provided under this Coverage Part or Policy; or
 - b. A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:
 - (1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or
 - (2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

- (3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.

2. If the provisions of this endorsement become applicable, such provisions:
 - a. Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to an incident(s) of terrorism (however defined) which results in injury or damage that occurs on or after the date when the provisions of this endorsement become applicable (for claims made policies, such an endorsement is superseded only with respect to an incident of terrorism (however defined) that results in a claim for injury or damage first being made on or after the date when the provisions of this endorsement become applicable); and
 - b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.
3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.

B. The following definitions are added and apply under this endorsement wherever the term terrorism, or the phrase any injury or damage, are enclosed in quotation marks:

1. "Terrorism" means activities against persons, organizations or property of any nature:

a. That involve the following or preparation for the following:

- (1) Use or threat of force or violence; or
- (2) Commission or threat of a dangerous act; or
- (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

b. When one or both of the following applies:

- (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
- (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

2. "Any injury or damage" means any injury or damage covered under any Coverage Part or Policy to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part or Policy.

C. The following exclusion is added:

EXCLUSION OF TERRORISM

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or

2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or

3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or

5. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or

6. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:

- a. Physical injury that involves a substantial risk of death; or
- b. Protracted and obvious physical disfigurement; or
- c. Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraphs C.5. or C.6. are exceeded.

With respect to this Exclusion, Paragraphs C.5. and C.6. describe the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Part or Policy.

In the event of any incident of "terrorism" that is not subject to this Exclusion, coverage does not apply to "any injury or damage" that is otherwise excluded under this Coverage Part or Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SILICA OR SILICA-RELATED DUST EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability:

2. Exclusions

This insurance does not apply to:

Silica Or Silica-Related Dust

- a. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, "silica" or "silica-related dust".
- b. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".
- c. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

Silica Or Silica-Related Dust

- a. "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".
 - b. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.
- C. The following definitions are added to the Definitions Section:**
1. "Silica" means silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.
 2. "Silica-related dust" means a mixture or combination of silica and other dust or particles.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL GENERAL LIABILITY

**EXCLUSION - ENGINEERS, ARCHITECTS OR
SURVEYORS PROFESSIONAL LIABILITY**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability and Paragraph 2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or failure to render any professional services by you or any engineer, architect or surveyor who is either employed by you or performing work on your behalf in such capacity.

Professional services include:

1. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
2. Supervisory, inspection, architectural or engineering activities.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**COMMERCIAL GENERAL LIABILITY
FUNGI OR BACTERIA EXCLUSION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. The following exclusion is added to Paragraph 2.,
**Exclusions of Section 1 - Coverage A Bodily
Injury and Property Damage Liability:**

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

- a. "Bodily injury" or "property damage" arising out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for edible consumption.

- B. The following exclusion is added to Paragraph 2.,
**Exclusions of Section 1 - Coverage B -
Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

- a. "Personal and advertising injury" arising out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
- b. Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

- C. The following definition is added to the
Definitions Section:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**COMMERCIAL GENERAL LIABILITY
EXCLUSION PUNITIVE DAMAGES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

1. The following exclusion is added to Paragraph 2., **Exclusions of Section 1 - Coverage A - Bodily Injury and Property Damage Liability and Coverage B - Personal and Advertising Injury Liability:**

2. **Exclusions**

This insurance does not apply to:

Damages awarded as punitive damages, exemplary damages, or statutory multiple damages. If a "suit" is filed against the insured to which this insurance applies alleging both compensatory damages and punitive damages, exemplary damages, or statutory multiple damages, we will afford a defense against the "suit", subject to the limitations and provisions stated in the policy. However, we will not have any obligation to pay for any costs, interest, or damages, attributable to punitive damages, exemplary damages, or statutory multiple damages.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

(1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

(1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;

(2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or

(3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ILLINOIS CHANGES - DEFENSE COSTS

This endorsement modifies insurance provided under the following:

YOUR AUTO POLICY
GARAGE COVERAGE FORM
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL UMBRELLA POLICY
COMMERCIAL PROPERTY COVERAGE PART - LEGAL LIABILITY COVERAGE FORM
COMMERCIAL PROPERTY COVERAGE PART - MORTGAGEHOLDERS ERRORS AND OMISSIONS
COVERAGE FORM
EMPLOYEE BENEFITS ADMINISTRATION LIABILITY ERRORS AND OMISSIONS COVERAGE FORM
FARM COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY

A. The provisions of Paragraph B. are added to all Insuring Agreements that set forth a duty to defend under:

1. Section I of the Commercial General Liability, Commercial Umbrella, Employee Benefits Administration Liability Errors And Omissions, Farm, Owners And Contractors Protective Liability, and Products/Completed Operations Liability;
2. Section II - Liability Coverage in Paragraph A. Coverage under the Garage Coverage Form;
3. Section A. Coverage under the Legal Liability Coverage Form;
4. Coverage C - Mortgageholder's Liability under the Mortgageholders Errors and Omissions Coverage Form; and
5. Part IV - Liability Insurance in Paragraph A. WE WILL PAY under the Business Auto Coverage Form.

B. If we initially defend an insured ("insured") or pay for an insured's ("insured's") defense but later determine that the claim(s) is (are) not covered under this insurance, we will have the right to reimbursement for the defense costs we have incurred.

The right to reimbursement for the defense costs under this provision will only apply to defense costs we have incurred after we notify you in writing that there may not be coverage, and that we are reserving our rights to terminate the defense and seek reimbursement for defense costs.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
ILLINOIS CHANGES – CIVIL UNION

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE POLICY
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA POLICY
FARM LIABILITY POLICY
GARAGE LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
BUSINESSOWNERS LIABILITY COVERAGE
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
PRODUCT WITHDRAWAL COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
EMPLOYEE BENEFITS ADMINISTRATION LIABILITY ERRORS AND OMISSIONS COVERAGE PART
EMPLOYMENT PRACTICES LIABILITY INSURANCE COVERAGE PART
CONTRACTORS' ERRORS AND OMISSIONS COVERAGE PART

A. The term "spouse" is replaced by the following:

Spouse or party to a civil union recognized under Illinois law.

B. Under the Commercial Auto Policy and the Garage Liability Coverage Part, the term "family member" is replaced by the following:

"Family member" means a person related to the:

1. Individual Named Insured by blood, adoption, marriage or civil union recognized under Illinois law, who is a resident of such Named Insured's household, including a ward or foster child; or
2. Individual named in the Schedule by blood, adoption, marriage or civil union recognized under Illinois law, who is a resident of the individual's household, including a ward or foster child, if the Drive Other Car Coverage – Broadened Coverage For Named Individual Endorsement is attached.

C. With respect to coverage for the ownership, maintenance, or use of "covered autos" provided under the Commercial Liability Umbrella Policy, the term "family member" is replaced by the following:

"Family member" means a person related to you by blood, adoption, marriage or civil union recognized under Illinois law, who is a resident of your household, including a ward or foster child.



(A STOCK COMPANY)
HOME OFFICE 2505 COURT STREET PEKIN, ILLINOIS 61558

**COMMERCIAL INLAND MARINE DECLARATIONS
AMENDING POLICY**

NAMED INSURED: LOHMANN GOLF DESIGNS INC

POLICY NO: 00CL23789-X

COMMERCIAL INLAND MARINE COVERAGE PARTS

FORM NO.	COVERAGE PART	PREMIUM
CM1634	COMPUTER COVERAGE	\$ 234.00
	TERRORISM RISK INSURANCE	\$ 5.00
	TOTAL	\$ 239.00

DEDUCTIBLE:

REFER TO THE COVERAGE PART FOR THE APPLICABLE DEDUCTIBLE

OTHER ENDORSEMENT AND FORMS ATTACHED TO THIS COVERAGE PART

CM0001 1091 CM0204 0487 CM1601 1209 CM1634 0894 IL0017 1198 IL0935 0898 IL0952 0308
IL0985 0108 IL0995 0107 IL0019 1211 001696 0611 CM1633 0387

COMMERCIAL INLAND MARINE CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in Commercial Inland Marine Coverage Forms:

LOSS CONDITIONS

A. ABANDONMENT

There can be no abandonment of any property to us.

B. APPRAISAL

If we and you disagree on the value of the property or the amount of "loss", either may make written demand for an appraisal of the "loss". In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of "loss". If they fail to agree, they will submit their difference to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

C. DUTIES IN THE EVENT OF LOSS

You must see that the following are done in the event of "loss" to Covered Property:

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the "loss". Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the "loss" occurred.
4. Take all reasonable steps to protect the Covered Property from further damage. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses, for consideration in the settlement of the claim.
5. Make no statement that will assume any obligation or admit any liability, for any "loss" for which we may be liable, without our consent.
6. Permit us to inspect the property and records proving "loss".
7. If requested, permit us to question you under oath, at such times as may be reasonably required, about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.

8. Send us a signed, sworn statement of "loss" containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

9. Promptly send us any legal papers or notices received concerning the "loss".

10. Cooperate with us in the investigation or settlement of the claim.

D. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same "loss", we will not pay more than the actual amount of the "loss".

E. LOSS PAYMENT

We will pay or make good any "loss" covered under this Coverage Part within 30 days after:

1. We reach agreement with you;
2. The entry of final judgment; or
3. The filing of an appraisal award.

We will not be liable for any part of a "loss" that has been paid or made good by others.

F. OTHER INSURANCE

If you have other insurance covering the same "loss" as the insurance under this Coverage Part, we will pay only the excess over what you should have received from the other insurance. We will pay the excess whether you can collect on the other insurance or not.

G. PAIR, SETS OR PARTS

1. Pair or Set. In case of "loss" to any part of a pair or set we may:
 - a. Repair or replace any part to restore the pair or set to its value before the "loss"; or
 - b. Pay the difference between the value of the pair or set before and after the "loss".
2. Parts. In case of "loss" to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

H. PRIVILEGE TO ADJUST WITH OWNER

In the event of "loss" involving property of others in your care, custody or control, we have the right to:

(over)

1. Settle the "loss" with the owners of the property. A receipt for payment from the owners of that property will satisfy any claim of yours.
2. Provide a defense for legal proceedings brought against you. If provided, the expense of this defense will be at our cost and will not reduce the applicable Limit of Insurance under this insurance.

I. RECOVERIES

Any recovery or salvage on a "loss" will accrue entirely to our benefit until the sum paid by us has been made up.

J. REINSTATEMENT OF LIMIT AFTER LOSS

The Limit of Insurance will not be reduced by the payment of any claim, except for total "loss" of a scheduled item, in which event we will refund the unearned premium on that item.

K. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after "loss" to impair them.

GENERAL CONDITIONS

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

1. This Coverage Part;

2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within 2 years after you first have knowledge of the "loss".

C. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property, will benefit from this insurance.

D. POLICY PERIOD

We cover "loss" commencing during the policy period shown in the Declarations.

E. VALUATION

The value of property will be the least of the following amounts:

1. The actual cash value of that property;
2. The cost of reasonably restoring that property to its condition immediately before "loss"; or
3. The cost of replacing that property with substantially identical property.

In the event of "loss", the value of property will be determined as of the time of "loss".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL INLAND MARINE

ILLINOIS CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

A. CANCELLATION (Common Policy Conditions) is replaced by the following:

CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing to us advance written notice of cancellation.
2. a. We may cancel this policy by mailing to you written notice stating the reason for cancellation.
- b. If we cancel for nonpayment of premium, we will mail the notice at least 10 days prior to the effective date of cancellation.
- c. If we cancel for a reason other than nonpayment of premium, we will mail the notice at least:
 - (1) 30 days prior to the effective date of cancellation if the policy has been in effect for less than 60 days.
 - (2) 60 days prior to the effective date of cancellation if the policy has been in effect for more than 60 days.
3. If this policy has been in effect for more than 60 days, we may cancel only for one or more of the following reasons:
 - a. Nonpayment of premium;
 - b. The policy was obtained through a material misrepresentation;
 - c. Any insured has violated any of the terms and conditions of the policy;
 - d. The risk originally accepted has measurably increased;
 - e. Certification to the Director of Insurance of the loss of reinsurance by the insurer that provided coverage to us for all or a substantial part of the underlying risk insured; or
 - f. A determination by the Director of Insurance that the continuation of the policy could place us in violation of the insurance laws of this State.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

5. If this policy is cancelled we will send the first Named Insured any premium refund due. If we cancel, the refund will

be pro rata. If the first Named Insured cancels, the refund will be less than pro rata. The cancellation will be effective even if we have not offered a refund.

B. The following is added and supersedes any provision to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail written notice of nonrenewal no less than 60 days before the expiration date to:
 - a. You; and
 - b. The broker, if known to us, or the agent of record.
2. Even if we do not comply with these terms, this policy will terminate:
 - a. On the expiration date if:
 - (1) You fail to perform any of your obligations in connection with the payment of the premium for the policy, or any installment payment, whether payable directly to us or our agents or indirectly under any premium finance plan or extension of credit; or
 - (2) We have indicated our willingness to renew this policy to you or your representative; or
 - (3) You have notified us or our agent that you do not want to renew this policy.
 - b. On the effective date of any other insurance replacing this policy.

C. Mailing of Notices

We will mail cancellation and nonrenewal notices to you, and the agent or broker, at the last addresses known to us. Proof of mailing will be sufficient proof of notice.

D. B. LEGAL ACTION AGAINST US is replaced by the following:

B. LEGAL ACTION AGAINST US

No one may bring a legal action against us:

1. Until there has been full compliance with all the terms of this Coverage Part; and

2. More than 2 years after you first have knowledge of a "loss." But we will extend this 2 year period by the num-

ber of days between the date proof of "loss" is filed and the date the claim is denied in whole or in part.

COMMERCIAL INLAND MARINE

COMPUTER COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F-DEFINITIONS.

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

1. COVERED PROPERTY, as used in this Coverage Form means:

- a. Data Processing "Equipment" owned by, rented to, or under your control:
 - (1) while at the locations specified in the Declarations;
 - (2) while in transit or at a temporary location not owned, occupied or controlled by you;
 - (3) while at premises you own, lease or operate, other than those described in the Declarations, but this coverage shall cease thirty (30) days from the date of acquisition of such premises or on the date values of such locations are reported to the Company or on the expiration date of the Policy, whichever occurs first.
- b. Data Processing "Media" and "Data" you own, rent, or legally responsible.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts or other documents;
- b. Program support documentation, such as flow charts, record formats, or narrative descriptions, unless converted to data and then only in that form;
- c. "Media" or "Data" which cannot be replaced with like kind or quality;
- d. Property rented or leased to others

while away from your premises.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusions.

4. ADDITIONAL COVERAGE

a. BREAKDOWN COVERAGE

We will pay for direct physical "loss" to:

- (1) Insured Data Processing "Equipment" from mechanical breakdown, machinery breakdown, short circuit, blow-out, or other electrical damage to electrical equipment apparatus, devices, or wiring, changes in electric power supply, processing operation or while the equipment is being worked on or serviced, and errors in design or use of faulty materials in the development, manufacture or installation of the "Equipment";
- (2) Insured "Media" for loss which results from mechanical breakdown or malfunction while said "media" is in actual use within insured Data Processing "Equipment";
- (3) Insured "Data" from electrical or magnetic injury, disturbance or erasure of electronic recordings, but this coverage shall not apply to property while in transit.

In no case, however, will we be liable for any "loss" caused by any change in electrical power supply which originates more than 100 feet from any covered location.

b. EXTRA EXPENSE

We will pay the necessary extra expense incurred by you, following a covered "loss" to Data Processing "Equipment" or Data Processing "Media" or "Data".

For the excess (if any) of the total cost incurred during the period of restoration, chargeable to the operation of your business, over and above the total cost that normally would have been incurred to the conduct of the business during the same period had no damage or destruction occurred.

B. EXCLUSIONS

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause of event that contributes concurrently or in any sequence to the "loss."

- a. **GOVERNMENTAL ACTION**

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

- b. **NUCLEAR HAZARD**

- (1) Any weapon employing atomic fusion or fission; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

- c. **WAR AND MILITARY ACTION**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for a "loss" caused by or resulting from any of the following:

- a. Dishonest acts by you, anyone else with an interest in the property, or your or their employees or authorized representatives, or anyone entrusted with the property, whether or not acting alone or in collusion with other persons or occurring during the hours of employment.

But this exclusion does not apply to a carrier for hire.

- b. Inherent vice, wear and tear, gradual deterioration, insect, or vermin unless fire or explosion ensues and then only for loss caused by such ensuing fire or

explosion.

- c. Dryness or dampness of atmosphere, extremes of temperatures, corrosion, or rust unless directly resulting from physical damage to the data processing system's air conditioning system caused by a peril not excluded under this coverage.
- d. Error in machine programming or instruction to the machine.
- e. Delay, loss of market, loss of income, interruption of business or consequential loss of any nature, except as provided under Additional Coverages-Extra Expense.
- f. The suspension, lapse, or cancellation of any lease, license, contract or order.
- g. Strikers or other persons which interferes with rebuilding, repairing or replacing property or with the resumption or continuation of business.
- h. A computer virus introduced into the data processing equipment, media or data.

C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

D. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying the applicable Limits of Insurance, exceeds the Deductible shown in the Declarations. We will then pay the amount of the adjusted "loss" in excess of the Deductible, up the applicable Limit of Insurance.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

VALUATION

As respects "media", we shall pay only for the cost of repairing or replacing with "media" of like kind and quality, but in no event to exceed the limit of liability as stated in the Declarations.

As respects "data" we will pay only for the actual cost of reproducing the "data" providing that it can actually be replaced or reproduced and that you do, in fact, replace or reproduce it, but in no event to exceed the Limit of Liability stated in the Declarations.

F. DEFINITIONS

1. "Loss" means accidental loss or damage.
2. "Equipment" shall mean that network of machine components capable of accepting information or converted material, processing it according to the plan or program, and producing the desired results.
3. "Media" shall mean all forms of material on which "data" is stored, such as magnetic tapes, disk packs, paper tapes and cards.
4. "Data" shall mean the facts, concepts or instructions which have been converted to a form usable by the data processing equipment.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

- A. We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
1. The failure, malfunction or inadequacy of:
 - a. Any of the following, whether belonging to any insured or to others:
 - (1) Computer hardware, including microprocessors;
 - (2) Computer application software;
 - (3) Computer operating systems and related software;
 - (4) Computer networks;
 - (5) Microprocessors (computer chips) not part of any computer system; or
 - (6) Any other computerized or electronic equipment or components; or
 - b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.1.a. of this endorsement;
- due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph A.1. of this endorsement.
- B. If an excluded Cause of Loss as described in Paragraph A. of this endorsement results:
1. In a Covered Cause of Loss under the Boiler And Machinery Coverage Part, the Commercial Crime Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
 2. Under the Commercial Property Coverage Part:
 - a. In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss - Special Form; or
 - b. In a Covered Cause of Loss under the Causes of Loss - Basic Form or the Causes of Loss - Broad Form;
- we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C. We will not pay for repair, replacement or modification of any items in Paragraphs A.1.a. and A.1.b. of this endorsement to correct any deficiencies or change any features.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN PROTECTION COVERAGE FORM
FARM COVERAGE PART
STANDARD PROPERTY POLICY

SCHEDULE

The Exception Covering Certain Fire Losses (Paragraph D.) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:	
State(s)	Coverage Form, Coverage Part Or Policy
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Applicability Of The Provisions Of This Endorsement

1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

- a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form, Coverage Part or Policy; or
- b. A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

- (1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal

government shares in subsequent payment of certified terrorism losses.); or

- (2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or
- (3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.

2. If the provisions of this endorsement become applicable, such provisions:

- a. Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to loss or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and
- b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.

3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism" and/or "others act of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.
- B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.
- "Terrorism" means activities against persons, organizations or property of any nature:
1. That involve the following or preparation for the following:
 - a. Use or threat of force or violence; or
 - b. Commission or threat of a dangerous act; or
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
 2. When one or both of the following applies:
 - a. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - b. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.
- C. The following exclusion is added:
- EXCLUSION OF TERRORISM**
- We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**
1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
 2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
 3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
 4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
 5. The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.
- With respect to this item C.5., the immediately preceding paragraph describes the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form, Coverage Part or Policy.
- D. **Exception Covering Certain Fire Losses**
- The following exception to the Exclusion Of Terrorism applies only if indicated and as indicated in the Schedule of this endorsement.
- If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements that apply to those coverage forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

E. Application Of Other Exclusions

1. When the Exclusion Of Terrorism applies in accordance with the terms of C.1. or C.2., such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form, Coverage Part or Policy.
2. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form, Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

01/18/12

COMPUTER COVERAGE DECLARATIONS**POLICY NO:** 00CL23789-X**EFFECTIVE DATE:** 02 23 12**PREMIUM FOR THIS COVERAGE FORM:**

234.00

RATE:

.36

LIMITS OF INSURANCE

Limit of Insurance

A. PROPERTY AT YOUR PREMISES

We cover only at the following described premises

Loc. No.

Address

01

18250 BECK RD, MARENGO, IL

65,000

SEE ATTACHED SCHEDULE

B. PROPERTY IN TRANSIT

INCLUDED

C. PROPERTY NOT AT YOUR PREMISES AND NOT INCLUDED ABOVE**DEDUCTIBLE**

With exception to loss under Breakdown Coverage the Deductible amount is \$100 unless otherwise stated

With respect to loss under Breakdown Coverage the Deductible amount is \$1000 unless otherwise stated

SPECIAL PROVISIONS (if any)

PROPERTY NOT AT YOUR PREMISES AND NOT INCLUDED ABOVE IS INCLUDED.

COMPUTER COVERAGE SCHEDULE

POLICY NO: 00CL23789-X

EFFECTIVE DATE: 02 23 12

LIMITS OF INSURANCE

DESCRIPTION OF COVERED PROPERTY

Loc. No.	Item No.	Limit of Insurance
01	1. BLANKETED COMPUTER ITEMS	\$65,000
TOTAL		<hr/> \$65,000



PEKIN INSURANCE COMPANY

(A STOCK COMPANY)

HOME OFFICE 2505 COURT STREET PEKIN, ILLINOIS 61558

COMMERCIAL PROPERTY DECLARATIONS

AMENDING POLICY

NAMED INSURED: LOHMANN GOLF DESIGNS INC

POLICY NO: 00CL23789-X

LOCATION OF ALL PREMISES THAT THIS COVERAGE PART APPLIES TO:

LOC. NO.	BLDG. NO.	PROPERTY LOCATION AND BUILDING CONSTRUCTION
01	01	18250 BECK RD, MARENGO, IL FRAME

**PEKIN INSURANCE COMPANY**

(A STOCK COMPANY)

HOME OFFICE 2505 COURT STREET PEKIN, ILLINOIS 61558

**COMMERCIAL PROPERTY DECLARATIONS
AMENDING POLICY**

NAMED INSURED: LOHMANN GOLF DESIGNS INC

POLICY NO: 00CL23789-X

LOC. NO.	BLDG. NO.	COVERAGE	LIMIT	COINS.	CAUSES OF LOSS	PREMIUM
01	01	***BLKT BLDG & BPP	650000	100%	SPECIAL	\$ 1,503.00
01	01	TERRORISM RISK INSURANCE				\$ 13.00
		PROPERTY EXTENSION INCL				
		4% AUTO INCR FOR BLDGS				\$ 250.00
*** INDICATES REPLACEMENT COST AND AGREED VALUE						
COVERAGE ITEMS MARKED WITH THIS SYMBOL (*) INDICATE REPLACEMENT COST.						



PEKIN INSURANCE COMPANY

(A STOCK COMPANY)

HOME OFFICE 2505 COURT STREET PEKIN, ILLINOIS 61558

**COMMERCIAL PROPERTY DECLARATIONS
AMENDING POLICY**

NAMED INSURED: LOHMANN GOLF DESIGNS INC

POLICY NO: 00CL23789-X

OTHER ENDORSEMENTS AND FORMS ATTACHED TO THIS COVERAGE PART

CP1205 0993	IL0017 1198	IL0284 0590	IL0952 0308	IL0985 0108	IL0995 0107	IL1000 0505
IL0019 1211	001696 0611	CP0010 1090	CP0090 0788	CP1030 1090	CP7588 0602	CP7596 0111
CP1218 1090	IL0935 0898					

DEDUCTIBLE:

LOC. NO.	BLDG. NO.	COVERAGE	DOLLAR AMOUNT
01	01	BUILDING AND/OR PERSONAL PROPERTY	\$ 500
		PROPERTY EXTENSION	\$ 500



PEKIN INSURANCE COMPANY
(A STOCK COMPANY)

HOME OFFICE 2505 COURT STREET PEKIN, ILLINOIS 61558

**COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS
AMENDING POLICY**

NAMED INSURED: LOHMANN GOLF DESIGNS INC

POLICY NO: 00CL23789-X

LOC. NO.	BLDG. NO.		NAME/ADDRESS	ADDITIONAL INTEREST	TYPE OF INTEREST
01	01	001	FIRST MERIT BANK 17622 DEPOT ST UNION IL 60180		LENDERS LOSS PAYEE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANCELLATION AND NONRENEWAL - ILLINOIS CHANGES

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS POLICY
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART**

- A. The CANCELLATION Common Policy Condition is replaced by the following:

CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing to us advance written notice of cancellation.
2. If this policy has been in effect for 60 days or less, except as provided in paragraphs 9. and 10. below, we may cancel this policy by mailing written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. If this policy has been in effect for more than 60 days, except as provided in paragraphs 9. and 10. below, we may cancel this policy only for one or more of the following reasons:
 - a. Nonpayment of premium;
 - b. The policy was obtained through a material misrepresentation;
 - c. You have violated any of the terms and conditions of the policy;
 - d. The risk originally accepted has measurably increased;
 - e. Certification to the Director of Insurance of the loss of reinsurance by the insurer which provided coverage to us for all or a substantial part of the underlying risk insured; or
 - f. A determination by the Director that the continuation of the policy could place us in violation of the insurance laws of this State.

If we cancel this policy based on one or more of the above reasons except for nonpayment of premium, we will mail written notice at least 60 days before the effective date of cancellation. When cancellation is for nonpayment of premium, we

will mail written notice at least 10 days before the effective date of cancellation.

4. We will mail our notice to you, any mortgagee or lienholder known to us and to the agent or broker, at the last addresses known to us.
5. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
6. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
7. Proof of mailing will be sufficient proof of notice.
8. Our notice of cancellation will state the reason for cancellation.
9. **REAL PROPERTY OTHER THAN RESIDENTIAL PROPERTIES OCCUPIED BY 4 FAMILIES OR LESS:**

The following applies only if this policy covers real property other than residential property occupied by 4 families or less:

If any one or more of the following conditions exists at any building that is Covered Property in this policy, we may cancel this policy by mailing to you written notice of cancellation at least 10 days before the effective date of cancellation.

- a. After a fire loss, permanent repairs to the building have not started within 60 days of satisfactory adjustment of loss, unless the delay is due to a labor dispute or weather conditions.
- b. The building has been unoccupied 60 or more consecutive days. This does not apply to:
 - (1) Seasonal unoccupancy; or
 - (2) Buildings under repair, construction or reconstruction, if properly secured against unauthorized entry.

c. The building has:

- (1) An outstanding order to vacate;
- (2) An outstanding demolition order; or
- (3) Been declared unsafe in accordance with the law.

d. Heat, water, sewer service or public lighting have not been connected to the building for 30 consecutive days or more.

10. RESIDENTIAL PROPERTIES OCCUPIED BY 4 FAMILIES OR LESS:

The following applies if this policy covers residential properties occupied by 4 families or less:

If this policy has been in effect for 60 days, or if this is a renewal policy, we may only cancel this policy for one or more of the following reasons:

- a. Nonpayment of premium;
- b. The policy was obtained by misrepresentation or fraud; or
- c. Any act that measurably increases the risk originally accepted.

The provisions of paragraphs 9. and 10. above do not apply to coverage under the Glass Coverage Form.

11. For insurance provided under the COMMERCIAL PROPERTY COVERAGE PART, the following applies:

GRAIN IN PUBLIC GRAIN WAREHOUSES

(Not applicable to grain owned by the Commodity Credit Corporation)

The following applies only with respect to grain in public grain warehouses:

The first Named Insured or we may cancel this policy at any time by mailing to:

- a. The other; and

b. The Director of the Illinois Department of Agriculture (at its Springfield Office);

60 days' written notice of cancellation.

B. The following is added:

NONRENEWAL

1. If we decide not to renew this policy, we will mail written notice stating the reason for nonrenewal to your last mailing address known to us at least 60 days before the expiration date of the policy. A copy of the notice will also be sent to:

- a. The broker, if known to us, or the agent of record; and
- b. The last known mortgagee or lienholder named in the policy at the last mailing address known to us.

This paragraph does not apply if we have manifested our willingness to renew directly to you.

2. The following provision applies only if this policy covers residential properties occupied by 4 families or less:

If this policy has been issued to you and in effect with us for 5 or more years, we may not fail to renew this policy unless:

- a. The policy was obtained by misrepresentation or fraud;
- b. The risk originally accepted has measurably increased; or
- c. You received 60 days' notice of our intent not to renew as provided in 1. above.

The provisions of paragraph B.2. above do not apply to coverage under the Glass Coverage Form.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN PROTECTION COVERAGE FORM
FARM COVERAGE PART
STANDARD PROPERTY POLICY

SCHEDULE

The Exception Covering Certain Fire Losses (Paragraph D.) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:	
State(s)	Coverage Form, Coverage Part Or Policy
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Applicability Of The Provisions Of This Endorsement

1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

- a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form, Coverage Part or Policy; or

- b. A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

- (1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal

government shares in subsequent payment of certified terrorism losses.); or

- (2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

- (3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.

2. If the provisions of this endorsement become applicable, such provisions:

- a. Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to loss or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and

- b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.

3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism" and/or "others act of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.
- B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.**
- "Terrorism" means activities against persons, organizations or property of any nature:
1. That involve the following or preparation for the following:
 - a. Use or threat of force or violence; or
 - b. Commission or threat of a dangerous act; or
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
 2. When one or both of the following applies:
 - a. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - b. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.
- C. The following exclusion is added:**
- EXCLUSION OF TERRORISM**
- We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**
1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
 2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
 3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
 4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
 5. The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.
- With respect to this item C.5., the immediately preceding paragraph describes the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form, Coverage Part or Policy.
- D. Exception Covering Certain Fire Losses**
- The following exception to the Exclusion Of Terrorism applies only if indicated and as indicated in the Schedule of this endorsement.
- If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements that apply to those coverage forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

E. Application Of Other Exclusions

1. When the Exclusion Of Terrorism applies in accordance with the terms of C.1. or C.2., such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form, Coverage Part or Policy.
2. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form, Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ILLINOIS CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. When this endorsement is attached to Standard Property Policy CP 00 99 or to the Businessowners Policy, the terms Coverage Part and Coverage Form in this endorsement are replaced by the term Policy.

B. The following is added to the Legal Action Against Us Condition:

The 2 year period for legal action against us is extended by the number of days between the date the proof of loss is filed with us and the date we deny the claim in whole or in part.

C. If this policy covers:

1. The following in a. and b., then Paragraphs 2. and 3. apply:

- a. Real property used principally for residential purposes up to and including a four family dwelling; or
- b. Household or personal property that is usual or incidental to the occupancy of any premises used for residential purposes.

2. The second paragraph of the Appraisal Condition is deleted and replaced by the following:

- a. Each party will pay its own appraiser and bear the other expenses of the appraisal and umpire equally, except as provided in b. below.
- b. We will pay your appraiser's fee and the umpire's appraisal fee, if the following conditions exist:
 - (1) You demanded the appraisal; and
 - (2) The full amount of loss, as set by your appraiser, is agreed to by our appraiser or by the umpire.

3. The Concealment, Misrepresentation Or Fraud Condition is replaced by the following:

CONCEALMENT, MISREPRESENTATION OR FRAUD

a. This Coverage Part or Coverage Form is void if you or any insured ("insured") commit fraud or conceal or misrepresent a fact in the process leading to the issuance of this insurance, and such fraud, concealment or misrepresentation is stated in the policy or endorsement or in the written application for this policy and:

- (1) Was made with actual intent to deceive; or
- (2) Materially affected either our decision to provide this insurance or the hazard we assumed.

However, this condition will not serve as a reason to void this Coverage Part or Coverage Form after the Coverage Part or Coverage Form has been in effect for one year or one policy term, whichever is less.

b. This Coverage Part or Coverage Form is void if you or any other insured ("insured"), at any time subsequent to the issuance of this insurance, commit fraud or intentionally conceal or misrepresent a material fact relating to:

- (1) This Coverage Part or Coverage Form;
- (2) The Covered Property;
- (3) Your interest in the Covered Property; or
- (4) A claim under this Coverage Part or Coverage Form.

c. Notwithstanding the limitations stated in 3.a. above, we may cancel the Coverage Part or Coverage Form in accordance with the terms of the Cancellation Condition.

D. For the Businessowners Policy, Commercial Property Coverage Part and the Standard Property Policy, the following exclusion and related provisions are added to Paragraph B.2. Exclusions in the Causes of Loss Forms and to any Coverage Form or policy to which a Causes of Loss Form is not attached:

1. We will not pay for loss or damage arising out of any act an insured commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no insured is entitled to coverage, even insureds who did not commit or conspire to commit the act causing the loss.

2. However, this exclusion will not apply to deny payment to an innocent co-insured who did not cooperate in or contribute to the creation of the loss if:

- a. The loss arose out of a pattern of criminal domestic violence; and
- b. The perpetrator of the loss is criminally prosecuted for the act causing the loss.

3. If we pay a claim pursuant to Paragraph D.2., our payment to the insured is limited to that insured's insurable interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

E. The Intentional Loss Exclusion in the Causes of Loss Form - Farm Property, Mobile Agricultural Machinery And Equipment Coverage Form and Livestock Coverage Form is replaced by the following:

1. We will not pay for loss ("loss") or damage arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss ("loss").

In the event of such loss ("loss"), no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss ("loss").

2. However, this exclusion will not apply to deny payment to an innocent co-"insured" who did not cooperate in or contribute to the creation of the loss ("loss") if:

- a. The loss ("loss") arose out of a pattern of criminal domestic violence; and
- b. The perpetrator of the loss ("loss") is criminally prosecuted for the act causing the loss.

3. If we pay a claim pursuant to Paragraph E.2., our payment to the "insured" is limited to that "insured's" insurable interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

F. For the Capital Assets Program (Output Policy) Coverage Part, the following exclusion and related provisions are added to Paragraph C.2. Exclusions:

1. We will not pay for loss or damage arising out of any act an insured commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no insured is entitled to coverage, even insureds who did not commit or conspire to commit the act causing the loss.

2. However, this exclusion will not apply to deny payment to an innocent co-insured who did not cooperate in or contribute to the creation of the loss if:

- a. The loss arose out of a pattern of criminal domestic violence; and
- b. The perpetrator of the loss is criminally prosecuted for the act causing the loss.

3. If we pay a claim pursuant to Paragraph F.2., our payment to the insured is limited to that insured's insurable interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION H - DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the following types of property for which a Limit of Insurance is shown in the Declarations:

- a. **Building**, meaning the building or structure described in the Declarations, including:
 - (1) Completed additions;
 - (2) Permanently installed:
 - (a) Fixtures;
 - (b) Machinery; and
 - (c) Equipment;
 - (3) Outdoor fixtures;
 - (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 - (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;

- (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

- b. **Your Business Personal Property** located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property Separation of Coverage form:
 - (1) Furniture and fixtures;
 - (2) Machinery and equipment;
 - (3) "Stock;"
 - (4) All other personal property owned by you and used in your business;
 - (5) Labor, materials or services furnished or arranged by you on personal property of others;
 - (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
 - (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

- c. **Personal Property of Others** that is:
 - (1) In your care, custody or control; and

- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, deeds, evidences of debt, money, notes or securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, back-filling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;\
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of the building described in the Declarations;
- m. Underground pipes, flues or drains;
- n. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extensions;

- o. Vehicles or self-propelled machines (including aircraft or watercraft) that:

- (1) Are licensed for use on public roads; or
- (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale; or
- (c) Rowboats or canoes out of water at the described premises;
- p. The following property while outside of buildings:
 - (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas, including their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants, all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes of Loss Form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:
 - (a) The date of direct physical loss or damage; or
 - (b) The end of the policy period.
- (2) The most we will pay under this Additional Coverage is 25% of:
 - (a) The amount we pay for the direct physical loss of or damage to Covered Property; plus
 - (b) The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.

- (3) This Additional Coverage does not apply to costs to:

- (a) Extract "pollutants" from land or water; or
- (b) Remove, restore or replace polluted land or water.

b. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 10 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

- (1) The date of direct physical loss or damage; or
- (2) The end of the policy period.

The most we will pay for each location under this Additional Coverage is \$10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more or, a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired or Constructed Property

- (1) You may extend the insurance that applies to Building to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is 25% of the Limit of Insurance for Building shown in the Declarations, but not more than \$250,000 at each building.

- (2) You may extend the insurance that applies to Your Business Personal Property to apply to that property at any location you acquire other than at fairs or exhibitions.

The most we will pay for loss or damage under this Extension is 10% of the Limit of Insurance for Your Business Personal Property shown in the Declarations, but not more than \$100,000 at each building.

- (3) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:

- (a) This policy expires.
- (b) 30 days expire after you acquire or begin to construct the property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

b. Personal Effects and Property of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or your employees. This extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers and Records - Cost of Research

You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is \$1,000 at each described premises.

d. Property Off-Premises

You may extend the insurance provided by this Coverage Form to apply to your Covered Property, other than "stock," that is temporarily at a location you do not own, lease or operate. This Extension does not apply to Covered Property:

- (1) In or on a vehicle;
- (2) In the care, custody or control of your salespersons; or
- (3) At any fair or exhibition.

The most we will pay for loss or damage under this Extension is \$5,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas, signs (other than signs attached to buildings), trees, shrubs and plants, including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant.

Each of these Extensions is additional insurance. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. EXCLUSIONS

See applicable Causes of Loss Form as shown in the Declarations.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.

The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Preservation of Property; or
2. Debris Removal; but if:
 - a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - b. The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;

we will pay up to an additional \$5,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

E. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

You must see that the following are done in the event of loss or damage to Covered Property:

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the loss or damage. Include a description of the property involved.
- c. As soon as possible, give us a description of how, when and where the loss or damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.

- e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

- f. Permit us to inspect the property and records proving the loss or damage.

Also permit us to take samples of damaged property for inspection, testing and analysis.

- g. If requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.

- h. Send us a signed, sworn statement of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- i. Cooperate with us in the investigation or settlement of the claim.

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality.

- b. We will give notice of our intentions within 30 days after we receive the sworn statement of loss.

- c. We will not pay you more than your financial interest in the Covered Property.

- d. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

- e. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- f. We will pay for covered loss or damage within 30 days after we receive the sworn statement of loss, if:
 - (1) You have complied with all of the terms of this Coverage Part; and
 - (2)(a) We have reached agreement with you on the amount of loss; or
 - (b) An appraisal award has been made.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage, we will:

- a. Not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - (1) Vandalism;
 - (2) Sprinkler leakage, unless you have protected the system against freezing;
 - (3) Building glass breakage;
 - (4) Water damage;
 - (5) Theft; or
 - (6) Attempted theft.
- b. Reduce the amount we would otherwise pay for the loss or damage by 15%.

A building is vacant when it does not contain enough business personal property to conduct customary operations.

Buildings under construction are not considered vacant.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in b., c., d., e. and f. below.

- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

This provision does not apply to the following even when attached to the building:

- (1) Awnings or floor coverings;
- (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
- (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety glazing material if required by law.
- e. Tenant's Improvements and Betterments at:
 - (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.
- If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
- (3) Nothing if others pay for repairs or replacement.
- f. Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:
 - (1) Blank materials for reproducing the records; and
 - (2) Labor to transcribe or copy the records when there is a duplicate.

F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in step (2); and
- (4) Subtract the deductible from the figure determined in step (3).

We will pay the amount determined in step (4) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Underinsurance):

When:

The value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$100,000
The Deductible is	\$250
The amount of loss is	\$40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example No. 2 (Adequate Insurance):
When:

The value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$200,000
The Deductible is	\$250
The amount of loss is	\$40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$200,000 \div \$200,000 = 1.00$

Step (3): $\$40,000 \times 1.00 = \$40,000$

Step (4): $\$40,000 - \$250 = \$39,750$

We will cover the \$39,750 loss in excess of the Deductible. No penalty applies.

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example No. 3:

When:

The value of property is:	
Bldg. at Location No. 1	\$75,000
Bldg. at Location No. 2	\$100,000
Personal Property at Location No. 2	\$75,000
	<u>\$250,000</u>

The Coinsurance percentage for it is	90%
--------------------------------------	-----

The Limit of Insurance for Buildings and Personal Property at Location Nos. 1 and 2 is	\$180,000
--	-----------

The Deductible is	\$1,000
-------------------	---------

The amount of loss is Bldg. at Location No. 2	\$30,000
---	----------

Personal Property at Location No. 2	\$20,000
	<u>\$50,000</u>

Step (1): $\$250,000 \times 90\% = \$225,000$
(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgage Holders

- a. The term "mortgage holder" includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgage holder will still have the right to receive loss payment if the mortgage holder:

- (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (2) Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this Coverage Part will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
- (1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgage holder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

G. OPTIONAL COVERAGES

If shown in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times

- (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:
If:

The applicable Limit of Insurance is	\$100,000
The annual percentage increase is	8%
The number of days since the beginning of the policy year (or last policy change) is	146
The amount of increase is	
$\$100,000 \times .08 \times 146 \div 365 = \$3,200$	

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Property of others;
 - (2) Contents of a residence;
 - (3) Manuscripts;
 - (4) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - (5) "Stock," unless the Including "Stock" option is shown in the Declarations.
- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of:
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace, on the same premises, the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

H. DEFINITIONS

1. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
2. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

COMMERCIAL PROPERTY**COMMERCIAL PROPERTY CONDITIONS**

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;

b. A business firm:

- (1) Owned or controlled by you; or
- (2) That owns or controls you; or

c. Your tenant.

This will not restrict your insurance.

COMMERCIAL PROPERTY

CAUSES OF LOSS - SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section F. - Definitions.

A. COVERED CAUSES OF LOSS

When Special is shown in the Declarations, Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

1. Excluded in Section B., Exclusions; or
2. Limited in Section C., Limitations; that follow.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

b. Earth Movement

- (1) Any earth movement (other than sink-hole collapse), such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if loss or damage by fire or explosion results, we will pay for that resulting loss or damage.
- (2) Volcanic eruption, explosion or effusion. But if loss or damage by fire, building glass breakage or volcanic action results, we will pay for that resulting loss or damage.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if loss or damage by fire results, we will pay for that resulting loss or damage.

e. Power Failure

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

f. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;

- (3) Water that backs up from a sewer or drain; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.
 But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for that resulting loss or damage.
- 2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if loss or damage by fire results, we will pay for that resulting loss or damage.
 - b. Delay, loss of use or loss of market.
 - c. Smoke, vapor or gas from agricultural smudging or industrial operations.
 - d.(1) Wear and tear;
 - (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
 - (3) Smog;
 - (4) Settling, cracking, shrinking or expansion;
 - (5) Insects, birds, rodents or other animals;
 - (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. However, this does not apply to any resulting loss or damage caused by elevator collision;
 - (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if loss or damage by the "specified causes of loss" or building glass breakage results, we will pay for that resulting loss or damage.
- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if loss or damage by fire or combustion explosion results, we will pay for that resulting loss or damage. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - (1) Acting alone or in collusion with others; or
 - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.
- k. Collapse, except as provided below in the Additional Coverage for Collapse. But if loss or damage by a Covered Cause of Loss results at the described premises, we will pay for that resulting loss or damage.

1. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss." But if loss or damage by the "specified causes of loss" results, we will pay for the resulting damage caused by the "specified cause of loss."
3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.
 - a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;

of part or all of any property on or off the described premises.
4. **Special Exclusions**

The following provisions apply only to the specified Coverage Forms.

 - a. **Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, or Extra Expense Coverage Form**

We will not pay for:

 - (1) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock;" or
 - (b) The time required to reproduce "finished stock."

This exclusion does not apply to Extra Expense.
 - (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas, including their lead-in wiring, masts or towers.
 - (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations," due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations," we will cover such loss that affects your Business Income during the "period of restoration."
 - (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration."
 - (5) Any other consequential loss.
 - b. **Leasehold Interest Coverage Form**
 - (1) Paragraph B.1.a. Ordinance or Law, does not apply to insurance under this Coverage Form.
 - (2) We will not pay for any loss caused by:
 - (a) Your cancelling the lease;
 - (b) The suspension, lapse or cancellation of any license; or
 - (c) Any other consequential loss.
 - c. **Legal Liability Coverage Form**
 - (1) The following Exclusions do not apply to insurance under this Coverage Form:
 - (a) Paragraph B.1.a., Ordinance or Law;
 - (b) Paragraph B.1.c., Governmental Action;
 - (c) Paragraph B.1.d., Nuclear Hazard;
 - (d) Paragraph B.1.e., Power Failure; and
 - (e) Paragraph B.1.f., War and Military Action.

(2) Contractual Liability

We will not defend any claim or "suit," or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement.

(3) Nuclear Hazard

We will not defend any claim or "suit," or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

C. LIMITATIONS**1. We will not pay for loss of or damage to:**

- a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- c. The interior of any building or structure caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d. Building materials and supplies not attached as part of the building or structure, unless held for sale by you, caused by or resulting from theft, except as provided in C.5.a. below.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

f. Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.

g. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay more for loss of or damage to glass that is part of a building or structure than \$100 for each plate, pane, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter. We will not pay more than \$500 for all loss of or damage to building glass that occurs at any one time.

This Limitation does not apply to loss or damage by the "specified causes of loss," except vandalism.

3. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - a. Valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell or other data processing, recording or storage media, and other records.
 - b. Animals, and then only if they are killed or their destruction is made necessary.
 - c. Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass that is part of a building or structure;
 - (2) Containers of property held for sale; or
 - (3) Photographic or scientific instrument lenses.
 - d. Builders' machinery, tools, and equipment you own or that are entrusted to you, while away from the premises described in the Declarations, except as provided in paragraph C.5.b. below.
4. For loss or damage by theft, the following types of property are covered only up to the limits shown:
 - a. \$2,500 for furs, fur garments and garments trimmed with fur.

- b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c. \$2,500 for patterns, dies, molds and forms.
- d. \$250 for stamps, tickets and letters of credit.

5. Builders' Risk Coverage Form Limitations

The following provisions apply only to the Builders' Risk Coverage Form.

- a. Limitation 1.d. is replaced by the following:
 - d. Building materials and supplies not attached as part of the building or structure caused by or resulting from theft.
- b. Limitation 3.d. is replaced by the following:
 - d. Builders' machinery, tools and equipment you own or that are entrusted to you.

D. ADDITIONAL COVERAGE - COLLAPSE

We will pay for loss or damage caused by or resulting from risks of direct physical loss involving collapse of a building or any part of a building caused only by one or more of the following:

1. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;
2. Hidden decay;
3. Hidden insect or vermin damage;
4. Weight of people or personal property;
5. Weight of rain that collects on a roof;
6. Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

We will not pay for loss or damage to the following types of property, if otherwise covered in this Coverage Part, under items 2., 3., 4., 5. and 6. unless the loss or damage is a direct result of the collapse of a building:

outdoor radio or television antennas, including their lead-in wiring, masts or towers; awnings, gutters and downspouts; yard fix-

tures; outdoor swimming pools; fences; piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls; walks, roadways and other paved surfaces.

Collapse does not include settling, cracking, shrinkage, bulging or expansion.

This Additional Coverage will not increase the Limits of Insurance provided in this Coverage Part.

E. ADDITIONAL COVERAGE EXTENSIONS

1. **Property In Transit.** This Extension applies only to your personal property to which this form applies.

a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

b. Loss or damage must be caused by or result from one of the following causes of loss:

- (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
- (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
- (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

c. The most we will pay for loss or damage under this Extension is \$1000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. **Water Damage, Other Liquids, Powder or Molten Material Damage.** If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

We will not pay the cost to repair any defect that caused the loss or damage; but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

F. DEFINITIONS

"Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

1. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - a. The cost of filling sinkholes; or

- b. Sinking or collapse of land into man-made underground cavities.

2. Falling objects does not include loss or damage to:

- a. Personal property in the open; or
 - b. The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

3. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL PROPERTY

FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS - SPECIAL FORM

A. The following exclusion is added to Section B.1., Exclusions:

B. Exclusions

We will not pay for loss or damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to loss:

"Fungus", Wet Rot, Dry Rot and Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria or any loss or damage constituting the cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungus", wet rot, dry rot or bacteria.

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
2. To the extent that coverage is provided in the Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot and Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

B. Exclusion B.2.d.(2) is amended to read:

- (2) Rust, or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

C. Exclusion B.2.f. is amended to read:

- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

D. The following Additional Coverage is added with respect to this endorsement

Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in 2. and 6. applies only when the "fungus", wet or dry rot or bacteria is the result of a "specified cause of loss" other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
3. The coverage described under 2. of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under paragraph E.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes of Loss Form or under the Additional Coverage - Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense coverage applies to the described premises and only if the suspension of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense coverage form.

a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

b. If a covered suspension of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

- E. The following definition is added under section F. Definitions:

"Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL PROPERTY COVERAGE EXTENSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM CAUSES OF LOSS - SPECIAL FORM

Coverages provided by this endorsement are subject to the provisions applying to the **Building And Personal Property Coverage Form** and **Causes Of Loss-Special Form** unless otherwise noted. All policy provisions not in conflict with this endorsement shall apply. This endorsement is a part of the policy only when the form number is shown in the Declarations. The policy's deductible provisions will apply unless otherwise noted.

Coverages provided by this endorsement are in excess of any other coverages that are provided in other Coverage Forms, Endorsements, or other Policies unless otherwise stated.

Section I: The following changes apply to the **Building And Personal Property Coverage Form**:

1. In **Section A. Coverage**, Paragraph A.1.a.(5) is deleted and replaced by the following:

(5) If not covered by other insurance:

- (a) Additions under construction, alterations, and repairs to the building or structure;
- (b) Materials, equipment, supplies, and temporary structures, on or within 1,000 feet of the premises described in the Declarations, used for making additions, alterations, or repairs to the building or structure.

2. In **Section A. Coverage**, Paragraph 1.b. **Your Business Personal Property** and 1.c. **Personal Property of Others** is deleted and replaced by the following:

b. **Your Business Personal Property** located in or on the building at the premises described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the premises described in the Declarations, consisting of the following unless otherwise specified in the Declarations or on the **Your Business Personal Property - Separation Of Coverage** form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;

(5) Labor, materials, or services furnished or arranged by you on personal property of others;

(6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations, or additions:

- (a) Made a part of the building or structure you occupy but do not own; and
- (b) You acquired or made at your expense but cannot legally remove;

(7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under **Personal Property Of Others**; and

(8) If you are a tenant and no Limit of Insurance is shown in the Declarations for **Building Property**, exterior or interior building glass that is permanently affixed to walls, floors, or ceilings of a covered premises described in the Declarations. The glass must be owned by you or owned by others and in your care, custody, and control and you must be responsible for it under a written lease of the premises described in the Declarations.

c. **Personal Property Of Others** that is:

- (1) In your care, custody, or control; and

- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the premises described in the Declarations.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

3. Under Section A.2. Property Not Covered paragraphs a., n., o., and p. are deleted and replaced by:

- a. Accounts, bills, food stamps or other evidence of debt, accounts receivables, "money", notes, or "securities", except as provided in the **Employee Dishonesty Additional Coverage, Money And Securities Additional Coverage, or Accounts Receivable Coverage Extension**. Lottery tickets held for sale are not securities;
- n. The cost to research, replace, or restore the information on "valuable papers and records", except as provided in the **Valuable Papers And Records (Other Than "Electronic Data") Coverage Extension**;
- o. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the premises described in the Declarations.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process, or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the premises described in the Declarations;
- (d) Trailers, but only to the extent provided for in the **Non-owned Detached Trailers Coverage Extension**;
- p. The following property while outside of buildings:
 - (1) Grain, hay, straw, or other crops;

- (2) Outdoor fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs, trees, shrubs, or plants (other than "stock" of trees, shrubs, or plants) all except as provided in the:

- (a) **Outdoor Property Coverage Extension**;
- (b) **Outdoor Sign (Attached To Building) Coverage Extension**;
- (c) **Outdoor Sign (Detached From Building) Coverage Extension**; or
- (d) **Outdoor Fence Coverage Extension**;

4. The following is added under Section A.2. Property Not Covered:

- q. "Computer(s)" which are permanently installed or designed to be permanently installed in any aircraft, watercraft, motortruck, or other vehicle subject to motor vehicle registration. This paragraph does not apply to "computer(s)" while held as "stock";
- r. "Electronic Data", except as provided under the **Computer, EDP Equipment, Data, Or Media Coverage Extension**. This Paragraph, r. does not apply to your "stock" of prepackaged software.

5. The **Additional Coverages Section, A.4.** is deleted and replaced by:

4. **Additional Coverages**

a. **Debris Removal**

- (1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Extract, treat, remediate, test, analyze, or in any other way respond to "pollutants" from land or water; or
 - (b) Remove, restore, or replace polluted land or water.

(3) Subject to the exceptions in Paragraph (4), the following provisions apply:

(a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(b) Subject to Paragraph (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

(4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if Paragraphs (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example #1

Limit of Insurance: \$90,000

Amount of Deductible: \$ 500

Amount of Loss: \$50,000

Amount of Loss Payable: \$49,500
(\$50,000 - \$500)

Debris Removal Expense: \$10,000

Debris Removal Expense Payable: \$10,000
(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

Example #2

Limit of Insurance: \$120,000

Amount of Deductible: \$ 500

Amount of Loss: \$105,000

Amount of Loss Payable: \$104,500
(\$105,000 - \$500)

Debris Removal Expense: \$ 58,800

Debris Removal Expense Payable
Basic Amount: \$ 15,500

Additional Amount: \$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$105,000 (\$104,500 + \$500) x .25 = \$26,250; capped at \$15,500. The cap applies because the sum of the loss payable (\$104,500) and the basic amount payable for debris removal expense (\$15,500) cannot exceed the Limit of Insurance (\$120,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$58,800) exceeds 25% of the loss payable plus the deductible (\$58,800 is 56% of \$105,000), and because the sum of the loss payable and debris removal expense (\$104,500 + \$58,800 = \$163,300), would exceed the Limit of Insurance (\$120,000). The additional

amount of covered debris removal expense is \$25,000; the maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$40,500; \$18,300 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the premises described in the Declarations to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 60 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$25,000 for your liability for fire department service charges:

- (1) Assumed by written contract executed prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the premises described in the Declarations if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor, or assess the existence, concentration, or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each premises described in the Declarations is \$25,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

e. Employee Dishonesty

- (1) We will pay for direct loss of or damage to Your Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partners, "members", "managers", officers, or directors) with the manifest intent to:

(a) Cause you to sustain loss or damage; and also

(b) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions, or other employee benefits earned in the normal course of employment) for:

(i) Any employee; or

(ii) Any other person or organization.

- (2) We will not pay for loss or damage:

(a) Resulting from any dishonest or criminal act that you or any of your partners, "members", "managers", officers, or directors, whether performing services for you or not commit whether acting alone or in collusion with other persons; or

(b) The only proof of which as to its existence or amount is:

(i) An inventory computation; or

(ii) A profit and loss computation.

- (3) The most we will pay for loss or damage in any one occurrence under this Additional Coverage is \$5,000.

- (4) All loss or damage:
- (a) Caused by one or more persons; or
 - (b) Involving a single act or series of acts;
- is considered one occurrence.
- (5) If any loss is covered:
- (a) Partly by this insurance; and
 - (b) Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;
- the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.
- We will pay only for loss or damage you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
- (6) As soon as you or any of your partners, "members", "managers", officers, or directors discover any dishonest act or omission by any employee, this Additional Coverage shall not apply to any further or future acts or omissions by that employee.
- (7) We will pay only for covered loss or damage sustained during the policy period that is discovered and reported to us no later than one year from the end of the policy period.
- (8) If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:
- (a) This Additional Coverage became effective immediately upon the cancellation or termination of the prior insurance; and
 - (b) The loss or damage would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- (9) We will pay for loss or damage sustained during the prior insurance period as part of, not in addition to, the Limit of Insurance applying to this Additional Coverage and recovery is limited to the lesser of the amount recoverable under:
- (a) This Additional Coverage as of its effective date; or
 - (b) The prior insurance had it remained in effect.
- (10) With respect to this Additional Coverage, employee means:
- (a) Any natural person:
 - (i) While in your service or for 30 days after termination of service;
 - (ii) Who you compensate directly by salary, wages, or commissions; and
 - (iii) Who you have the right to direct and control while performing services for you;
 - (b) Any natural person who is furnished temporarily to you by a third party:
 - (i) To substitute for a permanent employee as defined in Paragraph (a) above, who is on leave; or
 - (ii) To meet seasonal or short-term work load conditions;
 - (c) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business who is not a temporary employee as defined in Paragraph (b) above;

(d) Any natural person who is a former employee, director, partner, "member", "manager", representative, or trustee retained as a consultant while performing services for you; or

(e) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside any building you occupy in conducting your business.

But employee does not mean:

(a) Any agent, broker, factor, commission merchant, consignee, independent contractor, or representative of the same general character; or

(b) Any of your partners, "members", "managers", officers, or directors.

f. Fire Protection Equipment Recharge

(1) We will pay the cost to recharge or replace, whichever is less, your automatic fire suppression system or portable fire extinguishers when the equipment is discharged:

(a) To combat a fire at the premises described in the Declarations or an immediate adjacent premises to the premises described in the Declarations; or

(b) As a result of an accidental discharge at the premises described in the Declarations.

(2) We will not pay the cost to recharge or replace your automatic fire suppression system or portable fire extinguishers as a result of a discharge during testing or installation.

(3) The most we will pay under this Additional Coverage is \$25,000 in any one occurrence.

(4) No deductible applies to this Additional Coverage.

g. Forgery Or Alteration

(1) We will pay for loss resulting directly from forgery or alteration of, any check, draft, promissory note, bill of exchange, or similar written promise of payment in "money", that you or your agent has issued, or that was issued by someone who impersonates you or your agent.

(2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange, or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.

(3) For the purpose of this coverage, check includes a substitute check as defined in the Check Clearing for the 21st Century Act 12 U.S.C. 5001, et seq., and will be treated the same as the original it replaced.

(4) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$5,000.

h. Inventory Or Appraisal Expense

(1) If loss or damage to Covered Property caused by or resulting from a Covered Cause of Loss occurs, we will pay the necessary and reasonable expenses you incur to prepare claim information in:

(a) Taking inventories;

(b) Making appraisals; and

(c) Preparing a statement of loss and other support exhibits

when we make a written request for such information to assist us to determine the amount of the loss.

(2) We will not pay any expenses:

(a) Incurred to prove that the loss is covered;

(b) Incurred for examinations under oath;

(c) Directed or billed by and payable to independent or public adjusters;

(d) Directed or billed by and payable to attorneys, legal council, or their affiliates or subsidiaries;

(e) To prepare claims not covered by this coverage part; or

(f) Any cost as provided in or incurred under **Section E. Loss Conditions, 2. Appraisal.**

(3) The most we will pay under this Additional Coverage is \$5,000.

i. Lock Replacement

(1) We will pay up to \$1,000 in any one occurrence for repair or replacement of your door locks or tumblers at the premises described in the Declarations due to "theft" of your door keys.

(2) For the purpose of this Additional Coverage, "theft" means any act of stealing. "Theft" does not mean mysterious or unexplained disappearance of property.

(3) A \$50 deductible will apply to this Additional Coverage.

j. Money Orders And "Counterfeit Money"

We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money", or services:

(1) Money orders issued by any U.S. or Canadian post office, express company, or national or state (or Canadian) chartered bank that are not paid upon presentation; or

(2) United States or Canadian "counterfeit money" that is acquired during the regular course of business.

The most we will pay for any loss under this Additional Coverage is \$2,000.

k. Money And Securities

(1) We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living

quarters of your partners or any employee having use and custody of the property, at the premises described in the Declarations, or in transit between any of these places, resulting directly from:

(a) Theft, meaning any act of stealing;

(b) Disappearance; or

(c) Destruction.

(2) In addition to the Limitations and Exclusions applicable to the Commercial Property Coverage Part, we will not pay for loss:

(a) Resulting from accounting or arithmetical errors or omissions;

(b) Due to the giving or surrendering of property in any exchange or purchase; or

(c) Of property contained in any "money" - operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

(3) The most we will pay under this Additional Coverage for loss in any one occurrence is \$10,000.

(4) All loss:

(a) Caused by one or more persons; or

(b) Involving a single act or series of related acts;

is considered one occurrence.

(5) As a condition to this coverage, you must keep records of all "money" and "securities" so we can verify the amount of any loss.

l. Ordinance Or Law

(1) If Replacement Cost Coverage is indicated in the Declarations for a covered building damaged by a Covered Cause of Loss, we will pay:

(a) Coverage 1 - Coverage For Loss To The Undamaged Portion Of The Building

If a Covered Cause of Loss occurs to covered building property at the premises described in the Declarations, we will pay under **Coverage 1** for the loss in value of the undamaged portion of the building as a consequence of enforcement of any ordinance or law that:

- (i) Is in force at the time of loss;
- (ii) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the premises described in the Declarations; and
- (iii) Requires the demolition of parts of the same building property undamaged by a Covered Cause of Loss.

(b) Coverage 2 - Demolition Cost Coverage

If a Covered Cause of Loss occurs to covered building property at the premises described in the Declarations, we will pay the cost to demolish and clear the site of undamaged parts of the same building caused as a consequence of enforcement of a building, zoning, or land use ordinance or law which were in force at the time of the loss that require demolition of such undamaged property.

(c) Coverage 3 - Increased Cost Of Construction Coverage

- (i) If a Covered Cause of Loss occurs to the covered building property at the premises described in the Declarations, we will pay for the increased cost to:

- (a) Repair or reconstruct damaged portions of that building property; and/or

- (b) Reconstruct or remodel undamaged portions of that building property, whether or not demolition is required;

when the increased cost is a consequence of enforcement of a building, zoning, or land use ordinance or law regulating the construction or repair of buildings which was in force at the time of the loss.

However:

- (a) This coverage applies only if the restored or remodeled building property is intended for substantially the same occupancy as the current building property, unless such occupancy is not permitted by zoning or land use ordinance or law.

- (b) We will not pay for the increased cost of construction if the building is not repaired, reconstructed, or remodeled.

- (ii) When a building is damaged or destroyed and **Coverage 3 - Increased Cost Of Construction Coverage** applies to that building in accordance with (c)(i) above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in (c)(i):

- (a) The cost of excavations, grading, backfilling, and filling;

- (b) Foundation of the building;
- (c) Pilings; and
- (d) Underground pipes, flues, and drains.

The items listed in (ii)(a) through (ii)(d) above are deleted from **Section A. Coverage, 2. Property Not Covered**, but only with respect to the coverage described in this Provision, (c)(ii).

- (2) We will not pay under Coverage 1 - Coverage For Loss To The Undamaged Portion Of The Building, Coverage 2 - Demolition Cost Coverage, or Coverage 3 - Increased Cost Of Construction Coverage for:

- (a) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling, or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread, or any activity of "fungus", wet or dry rot, or bacteria; or
- (b) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot, or bacteria.

(3) Loss Payment

With respect to coverage afforded under this additional coverage, the following loss payment provisions apply:

- (a) **Coverage 1 - Coverage For Loss To The Undamaged Portion Of The Building**

When there is a loss in value of an undamaged portion of a building to which Coverage 1 - Coverage For Loss To The Undamaged Portion Of The

Building applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

- (i) If the property is repaired or replaced on the same or another premises, we will not pay more than the lesser of:

- (a) The amount you actually spend to repair, rebuild, or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style, and comparable quality of the original property insured; or

- (b) The Limit of Insurance shown in the Declarations as applicable to the covered building property.

- (ii) If the property is not repaired or replaced, we will not pay more than the lesser of :

- (a) The actual cash value of the building at the time of loss; or

- (b) The Limit of Insurance shown in the Declarations as applicable to the covered building property.

The insurance provided by **Coverage 1 - Coverage For Loss To The Undamaged Portion Of The Building** does not increase **Section C. Limits Of Insurance**.

The **Coinurance Additional Condition** applies with respect to **Coverage 1 - Coverage For Loss To The Undamaged Portion Of The Building**.

- (b) **Coverage 2 - Demolition Cost Coverage**

Loss payment under Coverage 2 - Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

- (i) The amount you actually spend to demolish and clear the site of the premises described in the Declarations; or

(ii) \$25,000.

The Coinsurance Additional Condition does not apply with respect to Coverage 2 - Demolition Cost Coverage.

(c) Coverage 3 - Increased Cost Of Construction Coverage

Loss payment under Coverage 3 - Increased Cost Of Construction Coverage will be determined as follows:

- (i) We will not pay under Coverage 3 - Increased Cost Of Construction Coverage:

- (a) Until the property is actually repaired or replaced, at the same or another premises; and

- (b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (ii) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage 3 - Increased Cost Of Construction Coverage is the lesser of:

- (a) The increased cost of construction at the same premises; or

- (b) \$25,000.

- (iii) If the ordinance or law requires relocation to another premises, the most we will pay under Coverage 3 -

Increased Cost Of Construction Coverage is the lesser of:

- (a) The increased cost of construction at the new premises; or

- (b) \$25,000.

The Coinsurance Additional Condition does not apply with respect to Coverage 3 - Increased Cost Of Construction Coverage.

- (4) The terms of this Additional Coverage apply separately to each building to which this Additional Coverage applies.

- (5) Under this Additional Coverage, we will not pay for loss due to any ordinance or law that:

- (a) You were required to comply with before the loss, even if the building was undamaged; and

- (b) You failed to comply with.

- (6) Coverage under this Additional Coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this Additional Coverage.

- (7) This Additional Coverage shall apply only when the Ordinance Or Law Coverage Endorsement (CP0405) is not included in or part of this policy issued to you by us.

- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, B.1.a. of the Causes Of Loss - Special Form, to the extent that such exclusion would conflict with this Additional Coverage.

m. Time Element

(1) Business Income

(a) Business Income

- (i) We will pay for the actual loss of Business Income, including "rental value", you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The

"suspension" must be caused by direct physical loss of or damage to property at the premises described in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the premises described in the Declarations includes the area within 1,000 feet of the site at which the premises described in the Declarations are located.

With respect to the requirements set forth in the preceding paragraph, if you are a tenant and occupy only part of the site at which the premises described in the Declarations are located, your premises means:

- (a) The portion of the building which you rent, lease, or occupy; and
 - (b) Any area within the building or on the site at which the premises described in the Declarations are located, if that area services, or is used to gain access to, the premises described in the Declarations.
- (ii) We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage.
- (iii) With respect to coverage afforded under this section of the endorsement, coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data".
- (iv) Business Income means the:
- (a) Net Income (Net Profit or Loss before income taxes) that would have

been earned or incurred if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses; and

- (b) Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

- (v) "Rental Value" means Business Income that consists of:

- (a) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the premises described in the Declarations which is occupied by you; and

- (b) Continuing normal operating expenses incurred in connection with that premises, including:

- (i) Payroll; and
- (ii) The amount of charges, which are the legal obligation of the tenant(s) but would otherwise be your obligations.

- (vi) The most we will pay for loss under this Additional Coverage is \$50,000 in any one occurrence.

(b) Extended Business Income**(i) Business Income Other Than "Rental Value"**

For Business Income Other Than "Rental Value", if the necessary "suspension" of your "operations" produces a Business Income loss payable under this Coverage Part, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt, or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the Business Income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 30 consecutive days after the date determined in (b)(i) (a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the premises described in the Declarations are located.

Loss of Business Income must be caused by direct physical loss or damage at the premises described in the Declarations caused by or resulting from any covered Cause of Loss.

(ii) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this Coverage Part, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt, or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 30 consecutive days after the date determined in b(ii)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the premises described in the Declarations are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

This Additional Coverage is subject to the Limit of Insurance for **Business Income Additional Coverage**.

(c) Utility Services-Business Income Coverage Extension

(i) With respect to coverage afforded under Business Income Coverage, coverage

is extended to apply for the actual loss of Business Income you sustain due to necessary "suspension" of your "operations" during the "period of restoration" caused by interruption in utility service to the premises described in the Declarations. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to property described in Paragraph (ii) **Utility Services**.

(ii) Utility Services

(a) Water Supply Services, meaning the following types of property supplying water to the premises described in the Declarations:

(i) Pumping stations;
and

(ii) Water mains.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave, or television services to the premises described in the Declarations, such as:

(i) Communication transmission lines including fiber optic transmission lines, excluding above ground or overhead transmission and distribution lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays, excluding satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam, or natural gas to the premises described in the Declarations:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines, excluding above ground or overhead transmission and distribution lines.

(iii) This extension of coverage does not apply to Business Income loss related to interruption in utility service which causes loss or damage to "electronic data", including destruction or corruption of "electric data".

(iv) The most we will pay under this extension of coverage is \$5,000 in any one occurrence. This limit is part of, not in addition to, the limit of insurance for **Business Income Additional Coverage**.

(v) This extension of coverage shall only apply when **Off-Premises Power Failure - Direct Damage (CP0417)** or **Off - Premises Services - Time Element (CP1545)** is not included in this policy issued to you by us.

(vi) This extension of coverage is not subject to the terms of **Utility Services Exclusion, B.1.e. of the Causes Of Loss - Special Form** to the extent such exclusion would be in conflict with this extension of coverage.

Coverage for **Business Income, Extended Business Income, and Utility Services - Business Income Coverage Extension** shall apply only when the **Business Income Coverage Form (And Extra Expense) (CP0030)**, the **Business Income Coverage Form (Without Extra Expense) (CP0032)**, or the **Actual Loss Sustained Business Income and Extra Expense Coverage Form - 12 Month Limitation (CP7593)** is not included in this policy issued to you by us.

No deductible applies to **Business Income, Extended Business Income, and Utility Services - Business Income Coverage Extension.**

(2) Extra Expense

- (a) We will pay the actual and necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the premises described in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the premises described in the Declarations includes the area within 1,000 feet of the site at which the premises described in the Declarations are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the premises described in the Declarations are located, your premises means:

- (i) The portion of the building which you rent, lease, or occupy; and
- (ii) Any area within the building or on the site at which the premises described in the Declarations are located, if that area services, or is used to gain access to, the premises described in the Declarations.

- (b) Extra Expense means expense incurred:

- (i) To avoid or minimize the "suspension" of business and to continue "operations":
 - (a) At the premises described in the Declarations; or
 - (b) At replacement premises or at temporary locations, including relocation expenses, and costs to equip and operate the replacement or temporary locations.

- (ii) To minimize the "suspension" of business if you cannot continue "operations".

- (iii) To repair or replace any property but only to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage m.(1), **Business Income.**

- (c) We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage.

- (d) With respect to coverage afforded under this section of the endorsement, coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data".

- (e) The most we will pay for loss under this Additional Coverage is \$50,000 in any one occurrence.

- (f) This Additional Coverage shall apply only when the **Business Income Coverage Form (And Extra Expense) (CP0030)**, the **Extra Expense Coverage Form (CP0050)**, or the **Actual Loss Sustained Business Income and Extra Expense Coverage Form - 12 Month Limitation (CP7593)** is not included in this policy issued to you by us.

- (g) No deductible applies to this Additional Coverage.

(3) Civil Authority

When a Covered Cause of Loss causes damage to property other than property at the premises described in the Declarations, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the premises described in the Declarations, provided that both of the following apply:

- (a) Access to the area immediately surrounding the damaged property is prohibited by civil

authority as a result of the damage, and the premises described in the Declarations are within that area but are not more than one mile from the damaged property; and

- (b) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the premises described in the Declarations and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for necessary Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the premises described in the Declarations and will end:

- (a) Four consecutive weeks after the date of that action; or
(b) When your Civil Authority Coverage for Business Income ends;

whichever is later.

The definitions of Business Income and Extra Expense contained in the **Business Income** and **Extra Expense Additional Coverages** also apply to this **Civil Authority Additional Coverage**. The **Civil Authority Additional Coverage** is subject to the applicable Limits of Insurance for Additional Coverage of **Business Income** and Additional Coverage of **Extra Expense**.

No deductible applies to this Additional Coverage.

n. Rewards

- (1) We will pay up to \$10,000 for information which leads to an arson conviction of the person(s) who caused a fire loss covered under this Coverage Form. Regardless of the number of persons involved in

providing information, our liability under this Additional Coverage will not exceed \$10,000 for any one fire loss.

- (2) The amount of reward to be paid will be determined by us and the information must be disclosed prior to an arson conviction.
- (3) This Additional Coverage does not apply to:
- (a) You or your family members;
 - (b) Your partners or their family members;
 - (c) Your "members" or "managers" or their family members;
 - (d) Your officers or their family members;
 - (e) Your employees or independent contractors or their family members;
 - (f) Law enforcement or fire department employees or officials; or
 - (g) Any person involved in a crime.
- (4) No deductible applies to this Additional Coverage.

6. The **Coverage Extensions Section, A.5.** is deleted and replaced by:

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the premises described in the Declarations.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the premises described in the Declarations; and

(b) Buildings you acquire at locations, other than the premises described in the Declarations, intended for:

(i) Substantially the same use as the building described in the Declarations; or

(ii) Use as a warehouse.

The most we will pay for loss or damage to a building under this Coverage Extension is \$1,000,000 at each building.

(2) Your Business Personal Property

(a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

(i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows, or exhibitions;

(ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

(iii) Business personal property that you newly acquire, located at the premises described in the Declarations.

(b) This Extension does not apply to:

(i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or

(ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

The most we will pay for loss or damage to Your Business Personal Property under this Coverage Extension is \$500,000 at each building.

(3) Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

(a) This policy expires;

(b) 90 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

(1) Personal effects owned by you, your officers, your partners or "members", your "managers", or your employees. This Extension does not apply to loss or damage by theft.

(2) Personal property of others in your care, custody, or control.

The most we will pay for loss or damage under this Coverage Extension is \$25,000 at each premises described in the Declarations. Subject to the above limit, \$2,500 is the most we will pay for loss or damage to employee tools at each premises described in the Declarations. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than "Electronic Data")

(1) You may extend the insurance that applies to Your Business

Personal Property to apply to your cost to research, replace, or restore the lost information on "valuable papers and records", for which duplicates do not exist caused by or resulting from loss or damage to "valuable papers or records" by a Covered Cause of Loss.

- (2) We will pay for a covered loss under this Coverage Extension to "valuable papers and records":

- (a) While at a premises described in the Declarations; or
- (b) While in transit in or on a vehicle you own, lease, or operate or temporarily at a premises you do not own, lease, rent, or operate. This off premises coverage applies for a period of up to 60 days.

- (3) This Coverage Extension does not apply to:

- (a) Property held as samples or for delivery after sale; or
- (b) Property that cannot be replaced with other property of like kind and quality.

- (4) The most we will pay under this Coverage Extension for loss or damage to "valuable papers and records" in any one occurrence at a premises described in the Declarations is \$100,000.

For "valuable papers and records" in transit in or on a vehicle you own, lease, or operate or temporarily at a premises you do not own, lease, rent, or operate, the most we will pay is \$5,000.

- (5) With respect to coverage afforded under this Coverage Extension, paragraph f. under 7. **Valuation of E. Loss Conditions** and 3. **Replacement Cost** under G. **Optional Coverages**, is replaced by:

- (f) Loss or damage to "valuable papers and records" will be valued at the cost of restoration or replacement of the lost or damaged

information. To the extent that the contents of the "valuable papers and records" are not restored, the "valuable papers and records" will be valued at the cost of replacement with blank materials of substantially identical type.

- (6) **Section B., Exclusions of Causes Of Loss - Special Form** does not apply to this Coverage Extension except for:

- (a) Paragraph **B.1.c., Governmental Action;**
- (b) Paragraph **B.1.d., Nuclear Hazard;**
- (c) Paragraph **B.1.f., War and Military Action;**
- (d) Paragraph **B.2.h., Dishonest or criminal acts;**
- (e) Paragraph **B.2.i., Voluntary parting with any property;**
- (f) Paragraph **B.2.m., Neglect of insured;**
- (g) Paragraph **B.2.n.(2), Errors or omissions; and**
- (h) Paragraph **B.3.**

- (7) This Coverage Extension shall apply only when the **Valuable Papers And Records Coverage Form (CM0067)**, is not included in or part of this policy.

d. Business Personal Property Off Premises

- (1) You may extend the insurance provided by this Coverage Form to apply to loss or damage to your Covered Property while it is temporarily at a premises you do not own, lease, or operate.

- (2) This Coverage Extension does not apply to:

- (a) Covered Property in transit or in or on a vehicle;
- (b) "Money" and "securities";
- (c) "Computer(s)";
- (d) "Electronic data";
- (e) Records of accounts receivables;
- (f) "Valuable papers and records";

(g) "Fine arts", as defined under **Fine Arts Coverage Extension**; or

(h) Covered Property owned by you, or for which you are legally liable, that is to be installed by you or at your direction, while the property is at a "job site" location.

(3) Insurance under this Coverage Extension will end when any of the following first occurs:

(a) This policy expires; or

(b) 60 days elapse after your Covered Property is temporarily at a location you do not own, lease, or operate.

(4) The most we will pay for loss or damage under this Coverage Extension is \$25,000.

(5) The Limit of Insurance provided by this Coverage Extension does not apply per location.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor radio and television antennas (including satellite dishes), trees, shrubs, and plants (other than "stock" of trees, shrubs, or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Coverage Extension is \$10,000, but not more than \$500 for any one tree, shrub, or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

f. Accounts Receivable

(1) You may extend the insurance that applies to Your Business Personal Property to apply to your records of accounts receivables. We will pay:

(a) All amounts due from your customers that you are unable to collect;

(b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

(c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and

(d) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from direct physical loss or damage by any Covered Cause of Loss to your records of accounts receivable.

(2) We will pay for a covered loss under this Coverage Extension to your records of accounts receivables:

(a) While at a premises described in the Declarations; or

(b) While in transit in or on a vehicle you own, lease, or operate or temporarily at a premises you do not own, lease, rent, or operate. This off premises coverage applies for a period of up to 60 days.

(3) In addition to the Limitations and Exclusions applicable to the Commercial Property Coverage Part, we will not pay under this Coverage Extension for:

(a) Loss or damage caused by or resulting from alteration, falsification, concealment, or destruction of records of accounts receivable done to conceal the wrongful giving, taking, or withholding of "money", "securities", or other property.

This exclusion applies only to the extent of the wrongful giving, taking, or withholding.

(b) Loss or damage caused by or resulting from bookkeeping, accounting, or billing errors or omissions.

- (c) Loss or damage caused by or resulting from unauthorized instructions to transfer property to any person or to any place.
 - (d) Loss or damage caused by or resulting from electrical or magnetic injury, disturbance, or erasure of "electronic data". But we will pay for direct loss or damage caused by lightning.
 - (e) Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.
- (4) The most we will pay under this Coverage Extension for loss or damage in any one occurrence at a premises described in the Declarations is \$100,000.
- For accounts receivable in transit in or on a vehicle you own, lease, or operate or temporarily at a premises you do not own, lease, rent, or operate, the most we will pay is \$5,000.
- (5) With respect to this Coverage Extension, the following is added to 7. Valuation of E. Loss Conditions:
- (a) If a loss occurs and you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage:
 - (i) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (ii) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
 - (b) The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (i) The amount of the accounts for which there is no loss or damage;
 - (ii) The amount of the accounts that you are able to re-establish or collect;
 - (iii) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (iv) All unearned interest and service charges.
- (6) **Section B., Exclusions of the Causes Of Loss - Special Form** does not apply to this Coverage Extension except for:
- (a) Paragraph B.1.c., **Governmental Action**;
 - (b) Paragraph B.1.d., **Nuclear Hazard**;
 - (c) Paragraph B.1.f., **War And Military Action**;
 - (d) Paragraph B.2.h., **Dishonest or criminal acts**;
 - (e) Paragraph B.2.i., **Voluntary parting with any property**;
 - (f) Paragraph B.2.m., **Neglect of insured**;
 - (g) Paragraph B.2.n., **Errors or omissions**;
 - (h) Paragraph B.2.o., **Errors or deficiency in design, installation, testing, maintenance, modification, or repair; and**
 - (i) Paragraph B.3.
- (7) This Coverage Extension shall apply only when the **Accounts Receivable Coverage Form (CM0066)** is not included in or part of this policy.
- g. Business Personal Property While In Transit**
- (1) You may extend the insurance provided by this Coverage Form to apply to loss or damage to Your Business Personal Property

while in transit in or on a motor vehicle you own, lease, or operate between points in the coverage territory and more than 1,000 feet from the premises described in the Declarations.

- (2) Loss or damage must be caused by or result from one of the following causes of loss:

- (a) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism;
- (b) Vehicle collision, upset, or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed;
- (c) Theft of an entire bale, case, or package by forced entry into a securely locked body or compartment of the vehicle.

There must be visible marks of the forced entry;

- (d) Earthquake; or
- (e) Flood.

- (3) This Coverage Extension does not apply to:

- (a) "Money" and "securities";
- (b) "Computer(s)";
- (c) "Electronic data";
- (d) Records of accounts receivables;
- (e) "Valuable papers and records";
- (f) "Fine arts", as defined under **Fine Arts Coverage Extension**; or
- (g) Covered Property owned by you, or for which you are legally liable, that is to be installed by you or at your direction, while the property is at a "job site" location.

- (4) The most we will pay for loss or damage under this Coverage Extension is \$25,000.

- (5) With respect to coverage afforded under this Coverage Extension, the following is added

under **Exclusion B.1.b., Earth Movement**, of the **Causes Of Loss - Special Form**:

- (3) This exclusion does not apply with respect to coverage provided in the **Business Personal Property While In Transit Coverage Extension of the Commercial Property Coverage Extension Endorsement (CP 7596 or CP7594)**.

- (6) With respect to coverage afforded under this Coverage Extension, the following is added under **Exclusion B.1.g., Water**, of the **Causes Of Loss - Special Form**:

- (5) This exclusion does not apply with respect to coverage provided in the **Business Personal Property While In Transit Coverage Extension of the Commercial Property Coverage Extension Endorsement (CP7596 or CP7594)**.

- (7) The Limit of Insurance provided by this Coverage Extension does not apply per location.

h. Change In Temperature Or Humidity

- (1) We will pay for direct physical loss or damage to your covered Business Personal Property caused by a change in temperature or humidity resulting from direct physical damage by a Covered Cause of Loss to equipment used for refrigerating, cooling, humidifying, dehumidifying, air conditioning, heating, generating, or converting power (including their connections and supply or transmission lines and pipes) when located at the premises described in the Declarations.

- (2) The most we will pay for loss or damage under this Coverage Extension is \$25,000.

- (3) With respect to coverage afforded under this Coverage Extension, **Exclusion 2.d.(7)(a) and 2.d.(7)(b) of the Causes Of Loss - Special Form** does not

apply.

- (4) **Business Income Additional Coverage or Extra Expense Additional Coverage** do not apply to this Coverage Extension.

i. **Computer, EDP Equipment, Data, Or Media**

- (1) You may extend the insurance that applies to Your Business Personal Property covered by this coverage form to apply to:

(a) "Computer(s)" owned by you, rented or leased to you, or under your care, custody, or control with which you are legally responsible; and

(b) The cost to replace or restore "electronic data" owned by you, rented or leased to you, or under your care, custody, or control for which you are legally responsible.

- (2) We will pay for a covered loss under this Coverage Extension to "computer(s)" or "electronic data":

(a) While at a premises described in the Declarations; or

(b) While in transit in or on a vehicle you own, lease, or operate or temporarily at a premises you do not own, lease, rent, or operate. This off premises coverage applies for a period of up to 60 days.

- (3) The following is added to Paragraph A.2. **Property Not Covered** with respect to this Coverage Extension:

(a) "Valuable papers and records", program documentation, flow charts, or other documents, except those that are in "electronic data" form and then only in that form;

(b) "Electronic data" that cannot be replaced with another of like kind and quality; or

(c) Property loaned, leased, rented, or sold on an installment plan to others

while away from the premises described in the Declarations.

- (4) With respect to this coverage extension, coverage is extended to insure against direct loss or damage from the following:

(a) **Disturbance And Mechanical Breakdown Coverage**

We will pay for loss or damage to:

(i) "Computer(s)" or "electronic data" which has been accidentally damaged or destroyed due to artificially generated electrical current if such loss or damage is caused or results from:

(a) An occurrence that took place within 1,000 feet of a premises described in the Declarations; or

(b) Interruption of electric power supply, power surge, blackout, or brownout if the cause of such occurrence took place within 1,000 feet of a premises described in the Declarations.

(ii) "Computer(s)" or "electronic data" which has been accidentally damaged or destroyed due to mechanical breakdown.

(b) **Virus, Harmful Code, Or Similar Instruction**

We will pay for the cost to replace or restore "electronic data" which has been destroyed or corrupted due to a virus, harmful code, or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to

damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair, or replace that system.

- (5) In addition to the limitations and exclusions applicable in the **Causes Of Loss - Special Form**, we will not pay under this Coverage Extension for loss or damage caused by or resulting from the following:

- (a) Deterioration, decay, or any quality, fault, or weakness in covered property that causes it to damage or destroy itself. This exclusion does not apply to loss caused by mechanical breakdown.
- (b) Loss of use, delay, loss of market, extra expenses incurred, loss of income, interruption of business, or consequential loss of any nature.
- (c) Processing or work upon "computer(s)" or "electronic data". But if processing or work upon "computer(s)" or "electronic data" results in fire or explosion, we will pay for direct physical loss or damage caused by that fire or explosion if the fire or explosion would be covered under this coverage form.
- (d) Unauthorized instructions to transfer property to any person or to any place.
- (e) Suspension, lapse, or cancellation of any lease, license, contract, or order.
- (f) Strikers or other persons who interfere with rebuilding, repairing, or replacing property or with resumption of operations or continuation of business.

- (g) A covered peril for which you are not responsible under the terms of any lease or rental agreement.

- (6) With respect to coverage afforded under this Coverage Extension, 7. **Valuation** under E. **Loss Conditions** and 3. **Replacement Cost** under G. **Optional Coverages**, is deleted in its entirety and is replaced by the following:

- (a) We will determine the value of "computer(s)" at replacement cost (without deduction for depreciation) if repair or replacement is made within a reasonable time following the loss or damage. However, the most we will pay is the least of the following:

- (i) The actual cost to repair or restore the "computer(s)" with materials of like kind and quality;

- (ii) The cost of replacing that "computer(s)" with property of similar quality and function;

- (iii) The amount you actually and necessarily spend to repair or replace the "computer(s)"; or

- (iv) The Limit of Insurance applicable to "computer(s)" under this Coverage Extension.

- (b) We will not pay on a replacement cost basis for any loss or damage until the damaged or destroyed "computer(s)" is repaired or replaced. You may make a claim for loss or damage to a "computer(s)" covered by this Coverage Form on an actual cash value basis before repair or replacement takes place, and later make a claim for the difference between the actual cash value and the replacement cost, once the repair has been completed, but only if you notify us of your intent within 180 days

after the loss or damage.

- (c) If you do not repair or replace the "computer(s)" within a reasonable time following the loss or damage, the most we will pay will be the least of the following:

- (i) The actual cash value of the "computer(s)";
- (ii) The actual cash value of repairs with material of like kind and quality; or
- (iii) The Limit of Insurance applicable to "computer(s)" under this Coverage Extension.

We reserve the right to repair or replace the "computer(s)" or to pay for the "computer(s)" in "money".

In the event of loss or damage, the value of "computer(s)" will be determined as of the time of loss or damage.

- (d) Subject to the limit of insurance for "electronic data", the value of "electronic data" will be determined at the actual cost of reproducing the "electronic data". However if the "electronic data" is not replaced or reproduced, the loss will be valued at the cost of replacement of the media on which the "electronic data" was stored with blank media of substantially identical type.
- (7) The most we will pay under this Coverage Extension is :
- (a) \$15,000 in any one occurrence for loss or damage to "computer(s)".
 - (b) \$10,000 for all loss or damage to "electronic data" sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations, or computer systems involved. If loss payment on the first

occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in, but not after, that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

- (8) This Coverage Extension is not subject to the terms of the exclusions listed below under **Section B. Exclusions of the Causes Of Loss - Special Form** to the extent such exclusions would be in conflict with this Coverage Extension:

(a) **B.1.e. Utility Services;**

(b) **B.2.a. Artificially generated electric current; and**

(c) **B.2.d.(6) Mechanical breakdown.**

- (9) The exclusion listed below in **Section B. Exclusions of the Causes Of Loss - Special Form** do not apply with respect to coverage provided by this Coverage Extension:

(a) **B.1.b.(1) Earth Movement; and**

(b) **B.1.g.(1) Water.**

- (10) With respect to coverage afforded under this section of this coverage form, **Section D. Deductible** is removed and replaced by:

D. Deductible

For any loss or damage caused by or resulting from a Covered Cause of Loss except as provided under (4)(a) **Disturbance And Mechanical Breakdown Coverage**, we will not pay for loss or damage to Covered Property in any one occurrence until the amount of the adjusted loss or damage exceeds the Deductible shown in

the Declarations. We will then pay the amount of adjusted loss or damage in excess of that Deductible up to the applicable Limit of Insurance provided by this Coverage Extension.

For any loss or damage caused by or resulting from a covered cause of loss provided under (4)(a) **Disturbance And Mechanical Breakdown Coverage**, we will not pay for loss or damage to Covered Property in any one occurrence until the amount of the adjusted loss or damage exceeds the greater of:

1. \$1,000; or
2. The deductible amount shown in the Declarations.

We will then pay the amount of the adjusted loss or damage in excess of that Deductible, up to the applicable Limit of Insurance provided by this Coverage Extension.

(11) With respect to coverage afforded under this Coverage Extension, coverage shall apply only when:

- (a) Loss is not covered by **Equipment Breakdown Coverage Endorsement (CP7589)** or **(BP5040)** in this or any other policy issued to you by us; or
- (b) **Commercial Inland Marine Computer Coverage Form (CM1634)**, **Computer Coverage Endorsement (BP5007)**, or **Contractors' IMPAC Coverage Form (CM3000 or CM3001)** are not part of or included in this or any other policy issued to you by us.

j. Fine Arts

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage caused by a Covered Cause of Loss to your "Fine Arts" at the premises described in the

Declarations.

- (2) As used in this Coverage Extension:

- (a) "Fine Arts" means: paintings, etchings, pictures, tapestries, art glass windows, rare or art glass, valuable rugs, statuary, sculptures, porcelains, and other bona fide works of art of rarity, historical value, or artistic merit.

- (3) In addition to the limitations and exclusions applicable in the **Causes Of Loss - Special Form**, we will not pay for loss or damage to "Fine Arts" caused by or that results from a process to repair, retouch, restore, adjust, service, or maintain covered "Fine Arts".

- (4) With respect to coverage afforded under this Coverage Extension, **7. Valuation of E. Loss Conditions** and **3. Replacement Cost** under **G. Optional Coverages** is deleted and replaced by the following:

In the event of loss or damage to "Fine Arts", we will determine the value of "Fine Arts" at "Fair Market Value" at the time of loss or damage.

"Fair Market Value" means the reasonable price at which property would change hands between a willing buyer and seller, each having reasonable knowledge of all the pertinent facts and neither being under pressure to buy or sell.

- (5) When the damaged article is part of a pair or set we may:

- (a) Repair or replace any part to restore the pair or set to its value before the loss or damage; or

- (b) Pay the difference between the value of the pair or set before and after the loss or damage.

- (6) The most we will pay for loss or damage under this Coverage

Extension is \$25,000.

- (7) The exclusions listed below in **Section B. Exclusions of Causes Of Loss - Special Form** do not apply with respect to coverage provided by this Coverage Extension:

(a) **B.1.b.(1) Earth Movement;** and

(b) **B.1.g.(1) Water.**

- (8) With respect to coverage afforded under this Coverage Extension, coverage shall apply only when loss is not covered by **Fine Arts Coverage Form (CM1637)** in this or any other policy issued to you by us.

k. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

(a) The trailer is used in your business;

(b) The trailer is temporarily in your care, custody, or control at the premises described in the Declarations for a period not exceeding 30 days; and

(c) You are required under a written contract which was executed prior to loss or damage to pay for loss or damage to the trailer.

- (2) We will not pay for any loss or damage that occurs:

(a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion; or

(b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

- (3) This insurance is excess over the amount due, whether you can collect on it or not, from any other

insurance covering such property.

- (4) This Coverage Extension does not apply to property inside or on the trailer.

- (5) The most we will pay for loss or damage under this Coverage Extension is \$5,000.

l. Outdoor Fence

- (1) You may extend the insurance provided by this Coverage Form to apply to your outdoor fence which is permanently fixed in place at the premises described in the Declarations. Loss or damage must be caused by or result from a Covered Cause of Loss.

- (2) With respect to coverage afforded under this Coverage Extension, coverage shall apply only when:

(a) There is no Limit of Insurance shown in the Declarations for outdoor fences; or

(b) Coverage for fences outside buildings under **Additional Covered Property Endorsement (CP1410)** is not part of or included in this policy issued to you by us.

- (3) The most we will pay for loss or damage under this Coverage Extension is \$10,000 at each premises described in the Declarations where a covered loss occurs.

m. Outdoor Sign (Attached To Building)

- (1) You may extend the insurance provided by this Coverage Form to apply to loss or damage to your outdoor signs, not otherwise insured by this Coverage Form or policy, that are permanently attached on a building at the premises described in the Declarations. Loss or damage must be caused by or result from a Covered Cause of Loss.

- (2) Insurance provided by this Coverage Extension is subject to the Limit of Insurance stated in the Declarations for the building at the premises described in the

Declarations where the outdoor sign is permanently attached or Business Personal Property limit at the premises described in the Declarations, if no building coverage is afforded.

n. Outdoor Sign (Detached From Building)

- (1) You may extend the insurance provided by this Coverage Form to apply to loss or damage to your outdoor signs detached from a building, not otherwise insured by this Coverage Form or policy, at the premises described in the Declarations that are permanently fixed in place. Loss or damage must be caused by or result from a Covered Cause of Loss.
- (2) The most we will pay for loss or damage under this Coverage Extension is \$10,000 at each premises described in the Declarations where a covered loss occurs.

o. Spoilage (Power Outage)

- (1) We will pay for direct physical loss or damage to "perishable stock" at the premises described in the Declarations caused by "power outage", if the "perishable stock" is:
 - (a) Owned by you and used in your business; or
 - (b) Owned by others and in your care, custody, or control as a part of your business.
- (2) As used in this Coverage Extension:
 - (a) "Power Outage" means: change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the premises described in the Declarations, due to conditions beyond your control.
- (3) With respect to coverage afforded under this Coverage Extension, we will not cover property located:
 - (a) On buildings;

- (b) In the open; or
- (c) In vehicles.

(4) In addition to the exclusions under the Causes Of Loss - Special Form, we will not pay for loss or damage caused by or resulting from:

- (a) The disconnection of any refrigerating, cooling, or humidity control system from the source of its power;
- (b) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current;
- (c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:
 - (i) Lack of fuel; or
 - (ii) Governmental order;
- (d) The inability of a power source at the premises described in the Declarations to provide sufficient power due to lack of generating capacity to meet demand; or
- (e) Breaking of any glass that is a permanent part of any refrigerating, cooling, or humidity control unit.

(5) With respect to coverage afforded under this Coverage Extension, 7. Valuation under E. Loss Conditions and 3. Replacement Cost under G. Optional Coverages is deleted in its entirety and replaced by the following:

- (a) We will determine the value of Covered Property as follows:
 - (i) For "perishable stock" you have sold but not delivered, at the selling price less discounts and expenses you otherwise would have had;
 - (ii) For other "perishable stock", at actual cash value.

(6) The most we will pay for loss or damage under this Coverage Extension is \$10,000 at each premises described in the Declarations where a covered loss occurs.

(7) With respect to coverage afforded under this Coverage Extension, coverage shall apply only when loss or damage is not covered by **Equipment Breakdown Coverage Endorsement (CP7589)**, **Spoilage Coverage Endorsement (CP0440)**, or by any other part of this policy issued to you by us.

(8) **Business Income Additional Coverage** or **Extra Expense Additional Coverage** do not apply to this Coverage Extension.

(9) This Coverage Extension is not subject to the terms of the exclusions listed below under **Section B. Exclusions** of the **Causes Of Loss - Special Form** to the extent such exclusions would be in conflict with this Coverage Extension:

- (a) **B.1.e. Utility Services**; and
- (b.) **B.2.d.(7)(b)** Changes in or extremes of temperature.

p. Utility Services - Direct Damage

(1) We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by an interruption in utility service to the premises described in the Declarations. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph (3) **Utility Services**.

(2) The following is added to Paragraph **A.2. Property Not Covered** with respect to this Coverage Extension:

- (a) "Perishable stock"; or
- (b) "Electronic data".

(3) Utility Services

(a) **Water Supply Services**, meaning the following types

of property supplying water to the premises described in the Declarations:

- (i) Pumping stations; and
- (ii) Water mains.

(b) **Communication Supply Services**, meaning property supplying communication services, including telephone, radio, microwave, or television services to the premises described in the Declarations, such as:

- (i) Communication transmission lines, including fiber optic transmission lines, excluding above ground or overhead transmission and distribution lines;
- (ii) Coaxial cables; and
- (iii) Microwave radio relays, except satellites.

(c) **Power Supply Services**, meaning the following types of property supplying electricity, steam, or natural gas to the premises described in the Declarations:

- (i) Utility generating plants;
- (ii) Switching stations;
- (iii) Substations;
- (iv) Transformers; and
- (v) Transmission lines, excluding above ground or overhead transmission and distribution lines.

(4) The most we will pay for loss or damage under this Coverage Extension is \$10,000 in any one occurrence. This limit is part of, not in addition to, the applicable Limit Of Insurance stated in the Declarations for the Covered Property.

(5) **Business Income Additional Coverage** or **Extra Expense Additional Coverage** do not apply to this Coverage Extension.

(6) This Coverage Extension shall apply only when **Off - Premises**

Power Failure - Direct Damage Endorsement (CP0417) is not included in this policy issued to you by us.

- (7) This Coverage Extension is not subject to the terms of the **Utility Services Exclusion, B.1.e.** of the **Causes Of Loss - Special Form** to the extent that such exclusion would be in conflict with this Coverage Extension.

q. Water Back-Up Of Sewers Or Drains

- (1) We will pay for direct physical loss or damage to Covered Property caused by:

- (a) Water which backs up through or overflows from a sewer or drain; or
- (b) Water which overflows from a sump, even if the overflow results from mechanical breakdown of a sump pump or its related equipment.

However, with respect to Paragraph (b) above, we will not pay the cost of repairing or replacing a sump pump or its related equipment in the event of mechanical breakdown.

- (2) We will not pay for loss or damage if:

- (a) Loss or damage is caused by or results from your acts or omissions;
- (b) Loss or damage is caused by or results from an insured's failure to:
 - (i) Keep a sump pump or its related equipment in proper working condition; or
 - (ii) Perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions; or
- (c) Any other cause or event, which is not a Covered Cause of Loss, contributes concurrently or in any sequence to loss or damage.

- (3) With respect to insurance provided by this Coverage Extension, the coverage provided by the Additional Coverages and Coverage Extensions are not additional insurance. They are subject to the Limit of Insurance stated in this Coverage Extension.

- (4) The most we will pay for loss or damage under this Coverage Extension is \$10,000 in any one occurrence at each premises described in the Declarations where a covered loss occurs but not more than \$50,000 in any one policy period, regardless of the number of claims.

- (5) **Business Income Additional Coverage** or **Extra Expense Additional Coverage** do not apply to this Coverage Extension.

- (6) Under **Section B. Exclusions** of the **Causes Of Loss - Special Form**, **Exclusion B.1.g.(3)** is deleted and replaced by the following:

- (3) Water that backs up or overflows from a sewer, drain, or sump, except as provided in the **Water Back-Up Of Sewers Or Drains Coverage Extension** of the **Commercial Property Coverage Extension Endorsement (CP7596 or CP7594)**; or

Each of these Coverage Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Coverage Extensions.

7. **Section C., Limits Of Insurance** is deleted and replaced by:

C. Limits Of Insurance

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.
2. The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limits(s) of Insurance shown

in the Declarations for any other coverage:

- a. Fire Department Service Charge;
- b. Pollutant Clean-up And Removal;
- c. Employee Dishonesty;
- d. Fire Protection Equipment Recharge;
- e. Forgery Or Alteration;
- f. Inventory Or Appraisal Expense;
- g. Lock Replacement;
- h. Money Orders And "Counterfeit Money";
- i. Money And Securities;
- j. Ordinance Or Law - Coverage 2 - Demolition Cost Coverage;
- k. Ordinance Or Law - Coverage 3 - Increased Cost Of Construction Coverage;
- l. Business Income;
- m. Extra Expense;
- n. Civil Authority; and
- o. Rewards.

3. Payments under the Preservation Of Property Additional Coverage or Ordinance Or Law - Coverage 1 - Coverage For Loss To The Undamaged Portion Of The Building Additional Coverage will not increase the applicable Limit of Insurance.

4. Business Personal Property Limit - Seasonal Increase

- a. The Limit of Insurance for Your Business Personal Property will automatically increase by the lesser of:

- (1) 30% of Limit of Insurance for Your Business Personal Property shown in the Declarations or;

- (2) \$25,000;

to provide for seasonal variations.

- b. This increase will apply only if the Limit of Insurance shown for Your Business Personal Property in the Declarations is at least 80% of your average monthly values during the lesser of:

- (1) The 12 months immediately

preceding the date the loss or damage occurs; or

- (2) The period of time you have been in business as of the date the loss or damage occurs.

- c. The **Business Personal Property Limit - Seasonal Increase** shall apply only when the **Peak Season Limit Of Insurance Endorsement (CP1230)** is not included in or part of this policy.

- d. This section does not apply to property covered under a **Value Reporting Form (CP1310)** or on a blanket basis.

5. Building Limit - Automatic Increase

- a. The Limit of Insurance for all covered Building Property referenced in the Declarations will automatically increase by the greater of:

- (1) 4% annually; or

- (2) The annual percentage shown in the Declarations.

- b. The amount of increase will be:

- (1) The Building Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Building Limit of Insurance, times

- (2) The percentage of annual increase described in Paragraph a. above, expressed as a decimal (example: 4% is .04), times

- (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Building Limit of Insurance, divided by 365.

c. EXAMPLE

If: The Building Limit of Insurance is: \$100,000

The annual percentage increase is: 4%

The number of days since the beginning of the policy year (or last policy change) is: 219

The amount of increase is:
 $\$100,000 \times .04 \times 219 / 365 =$
 $\$2,400.$

- d. With respect to this **Building Limit - Automatic Increase, Optional Coverage G.2. Inflation Guard** does not apply for buildings.

8. The following is added under 7. **Valuation of E. Loss Conditions:**

- g. "Money" at its face value.
 h. "Securities" at their value at the close of business on the day the loss is discovered.

9. Section H., **Definitions** is deleted and replaced by:

H. Definitions

1. "Computer(s)" means:

- a. Programmable electronic equipment that is used to store, retrieve, and process data; and
 b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer(s)" does not include those used to operate production type machinery or equipment.

2. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.

3. "Electronic data" means information, facts, or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices, or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions

which direct the operations and functions of "computer(s)" or device connected to it, which enable the "computer(s)" or device to receive, process, store, retrieve, or send data.

4. "Finished stock" means "stock" you have manufactured.

"Finished stock" does not include "stock" you have manufactured that is held for sale on the premises described in the Declarations of any retail outlet insured under this Coverage Part.

5. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents, or by-products produced or released by fungi.

6. "Job site" means any location, project, or work site you do not own, lease, or operate where you are involved in an installation, construction, or erection project where work is in progress or will begin within 30 days.

7. "Manager" means a person serving in a directorial capacity for a limited liability company.

8. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

9. "Money" means:

- a. Currency, coins, and bank notes in current use and having a face value; and
 b. Travelers checks, register checks, and money orders held for sale to the public.

10. "Operations" means:

- a. Your business activities occurring at the premises described in the Declarations; and
 b. The tenantability of the premises described in the Declarations, if coverage for Business Income, including "Rental Value" applies.

11. "Period of restoration":

- a. Means the period of time that:
 (1) Begins:
 (a) 72 hours after the time of

direct physical loss or damage for Business Income Coverage or Utility Services - Business Income Coverage; or

(b) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the premises described in the Declarations; and

(2) Ends on the earlier of:

(a) The date when the property at the premises described in the Declarations should be repaired, rebuilt, or replaced with reasonable speed and similar quality; or

(b) The date when business is resumed at a new permanent location.

b. Does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use, or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

12. "Perishable stock" means business personal property:

a. Maintained under controlled temperature or humidity conditions for preservation; and

b. Susceptible to loss or damage if the controlled temperature or humidity conditions change.

13. "Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.

14. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

15. "Stock" means merchandise held in storage or for sale, raw materials, and in-process or finished goods, including supplies used in their packing or shipping.

16. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the premises described in the Declarations is rendered untenable, if coverage for Business Income, including "Rental Value" applies.

17. "Valuable papers and records" means inscribed, printed, or written:

a. Documents;

b. Manuscripts; and

c. Records;

including abstracts, books, deeds, drawings, films, maps, or mortgages.

But "valuable papers and records" does not mean "money", "securities", "electronic data", or records of accounts receivables.

Section II: The following changes apply to Causes Of Loss - Special Form:

1. Under Section B. Exclusions, exclusion 1.a. Ordinance or Law is removed and replaced by:

a. Ordinance Or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use, or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss or damage results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling, or demolition of property, or removal of its debris, following a physical loss to that property.

This exclusion does not apply to coverage that is provided under the **Ordinance Or Law Additional Coverage** of the **Commercial Property Coverage Extension Endorsement (CP7596 or CP7594)**.

2. Under Section B. Exclusions exclusion 1.e. Power Failure is removed and replaced by:

e. Utility Services

The failure of power, communication, water, or other utility service supplied to the premises described in the Declarations, however caused, if the failure:

- (1) Originates away from the premises described in the Declarations; or
- (2) Originates at the premises described in the Declarations, but only if such failure involves equipment used to supply the utility service to the premises described in the Declarations from a source away from the premises described in the Declarations.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water, or other

utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular, or satellite network.

3. Under Section B. Exclusions, exclusion B.2.f. is removed and replaced by:

- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture, or vapor, that occurs over a period of 14 days or more.

4. Under Section B. Exclusions, exclusion B.2.h. is removed and replaced by:

- h. Dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "managers", employees (including leased employees), directors, trustees, authorized representatives, or anyone to whom you entrust the property for any purpose:

- (1) Acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

With respect to accounts receivable and "valuable papers and records", this exclusion does not apply to carriers for hire.

This exclusion does not apply to coverage that is provided under the **Employee Dishonesty Additional Coverage** of the **Commercial Property Coverage Extension Endorsement (CP7596 or CP7594)**.

5. The following exclusions are added under Section B.2. Exclusions:

- m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss or damage.
- n. Errors or omissions in:

(1) Programming, processing, or storing data, as described under "electronic data" or in any "computer(s)" operations; or

(2) Processing or copying "valuable papers and records".

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this coverage form.

- o. Errors or deficiency in design, installation, testing, maintenance, modification, or repair of your "computer(s)" system including "electronic data".

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this coverage form.

- p. Electrical or magnetic injury, disturbance, or erasure of "electronic data", except as provided for under the **Computer, EDP Equipment, Data, Or Media Coverage Extension of the Commercial Property Coverage Extension Endorsement (CP7596 or CP7594)**.

However, we will pay for direct loss or damage caused by lightning.

6. Under **Section B. Exclusions**, the paragraph immediately following **4. Special Exclusions** and exclusion **B.4.a.** is removed and replaced by:

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms or Endorsements.

- a. **Business Income Coverage Form (And Extra Expense) (CP0030), Business Income Coverage Form (Without Extra Expense) (CP0032), Extra Expense Coverage Form (CP0050), Actual Loss Sustained Business Income And Extra Expense Coverage Form - 12 Month Limitation (CP7593), or Additional Coverages under m. Time Element of the Commercial Property Coverage Extension Endorsement (CP7596 or CP7594)**

We will not pay for:

- (1) Any loss caused by or resulting from:

(a) Damage or destruction of "finished stock"; or

- (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense with respect to coverage afforded by a coverage form or endorsement described in paragraph a. above.

- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts, or towers.

- (3) Any increase of loss caused by or resulting from:

(a) Delay in rebuilding, repairing, or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair, or replacement by strikers or other persons; or

(b) Suspension, lapse, or cancellation of any license, lease, or contract. But if the suspension, lapse, or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these with respect to coverage afforded by a coverage form or endorsement described in paragraph a. above.

- (4) Any Extra Expense caused by or resulting from suspension, lapse, or cancellation of any license, lease, or contract beyond the "period of restoration", with respect to coverage afforded by a coverage form or endorsement described in paragraph a. above.

- (5) Any other consequential loss.

7. Under **Section C. Limitations, 1.c.** is removed and replaced by:
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand, or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand, or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet, or ice on the building or structure.
8. Under **Section C. Limitations, 2.** is deleted.
9. Under **Section C. Limitations, 3.a.** is deleted.
10. Under **Section E. Additional Coverage Extensions, E.1. Property In Transit** is deleted.
11. Under **Section E. Additional Coverage Extensions** the following is added:
 3. **Glass**
 - a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
 - b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, E.3., does not increase the Limit of Insurance.

00CL23789-X
COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 BUILDERS' RISK COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY

SCHEDULE

Provisions Applicable			Loss Payee (Name & Address)
Loss Payable	Lender's Loss Payable	Contract Of Sale	
	X		
Prem. No.	Bldg. No.	Description of Property	
01	01	FIRST MERIT BANK 17622 DEPOT ST UNION IL 60180	

A. When this endorsement is attached to the STANDARD PROPERTY POLICY CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.

The following is added to the LOSS PAYMENT Loss Condition, as indicated in the Declarations or by an "X" in the Schedule:

B. LOSS PAYABLE

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and

2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

C. LENDER'S LOSS PAYABLE

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor (including a mortgageholder or trustee) with whom you have entered a contract for the sale of Covered Property, whose interest in that Covered Property is established by such written contracts as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading; or
 - d. Financing statements.
2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

- d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
- (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

D. CONTRACT OF SALE

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the OTHER INSURANCE Condition:

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

A. We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.

1. The failure, malfunction or inadequacy of:

a. Any of the following, whether belonging to any insured or to others:

- (1) Computer hardware, including microprocessors;
- (2) Computer application software;
- (3) Computer operating systems and related software;
- (4) Computer networks;
- (5) Microprocessors (computer chips) not part of any computer system; or
- (6) Any other computerized or electronic equipment or components; or

b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.1.a. of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph A.1. of this endorsement.

B. If an excluded Cause of Loss as described in Paragraph A. of this endorsement results:

1. In a Covered Cause of Loss under the Boiler And Machinery Coverage Part, the Commercial Crime Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or

2. Under the Commercial Property Coverage Part:

a. In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss - Special Form; or

b. In a Covered Cause of Loss under the Causes of Loss - Basic Form or the Causes of Loss - Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.

C. We will not pay for repair, replacement or modification of any items in Paragraphs A.1.a. and A.1.b. of this endorsement to correct any deficiencies or change any features.

EXHIBIT B

Filed in Douglas District Court

*** EFILED ***

Case Number: D01C1130006413

Transaction ID: 0000804822

Filing Date: 08/07/2013 11:30:19 AM CDT

IN THE DISTRICT COURT OF DOUGLAS COUNTY, NEBRASKA

GEORGE L. DENNIS, DVM and
BONNIE DENNIS, husband and wife,

Plaintiffs,

vs.

INDIAN CREEK GOLF COURSE, L.L.C.

Defendant.

CASE NO. CI 13-_____

COMPLAINT

PLAINTIFFS STATE:

1. Plaintiffs George L. Dennis, DVM (hereinafter referred to as "George Dennis") and Bonnie Dennis are husband and wife and are residents of Elkhorn, Douglas County, Nebraska.
2. The Defendant Indian Creek Golf Course, L.L.C. (hereinafter referred to as "Indian Creek") is a limited liability corporation organized and existing under and by virtue of the laws of the State of Nebraska, with its principal place of business in Douglas County, Nebraska.
3. At all times material herein, Indian Creek operated a golf course located in Elkhorn, Douglas County, Nebraska, and charged a fee to the public to play golf at this course.
4. On July 13, 2012, the Plaintiff George Dennis and a golfing friend went to Indian Creek to play golf. They paid the required fee and commenced their 18-hole round of golf at approximately 8:15 a.m. on July 13, 2012. As they were proceeding to play the sixth hole, located on what is referred to as the "Black Course" at Indian Creek, both of their tee shots landed on the left side of the fairway. George Dennis and his playing partner were riding in a golf cart, and the operator of the golf cart was George Dennis's playing partner. The golf cart was stopped and George Dennis proceeded to get out of the golf cart to hit his golf ball. After hitting his shot, he placed his club into his bag, which was positioned on the golf cart. After doing this, he placed his right foot on the middle of a manhole cover on the fairway. As he

placed his left foot on the manhole cover, it unexpectedly flipped up, which resulted in George Dennis falling down into the hole, which had been covered by the manhole cover. George Dennis was able to catch himself in such a manner as to prevent him from falling to the bottom of the manhole.

5. Immediately thereafter, George Dennis attempted to lift himself out of the hole, but the manhole cover had unfortunately trapped his legs. His playing partner immediately got out of the golf cart and held the manhole cover in such a way as to allow George Dennis to crawl out of the hole. George Dennis and his playing partner immediately drove back to the clubhouse to report the incident. As he was reporting this incident to the clubhouse staff of Indian Creek, George Dennis began to experience extreme swelling in both of his legs and his legs were bleeding.

5. The accident and resulting injuries described above were a direct and proximate result of the negligence of the agents and representatives of the Defendant, Indian Creek. That these agents and representatives were negligent in each and all of the following respects:

- (a) In failing to inspect the manhole cover;
- (b) In failing to ensure that the manhole cover was properly secured over the manhole prior to allowing individuals such as George Dennis and his golfing partner to play on the course on that date;
- (c) In failing to warn golfers such as George Dennis of the presence of a manhole cover;
- (d) In creating an unreasonably dangerous condition on the golf course, which condition was not readily discoverable by individuals such as George Dennis.
- (e) In failing to maintain the golf course in a reasonably safe condition for its users such as George Dennis.

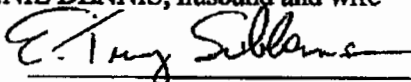
6. That as a direct and proximate result of the negligence of agents and employees of the Defendant, Indian Creek, George Dennis sustained the following by way of damages:

- (a) Vascular injury to both of his legs;
- (b) An aggravation of his previously diagnosed pulmonary fibrosis condition;
- (c) Numerous cuts and abrasions on both of his legs;
- (d) Medical bills in the past in the amount of approximately \$65,000.00 and it is reasonably certain that he will experience medical bills for an indefinite period of time in the future;
- (e) Loss of income in the past and it is reasonably certain that he will sustain loss of income for an indefinite period of time in the future;
- (f) Permanent injury;
- (g) Permanent disability;
- (h) Permanent impairment of his earning capacity;
- (i) Loss of enjoyment of life;
- (j) Diminution of his life expectancy on account of the exacerbation of his previous pulmonary fibrosis condition.

6. At the time of the accident, George Dennis was approximately 67 years of age and was married to the Plaintiff Bonnie Dennis. As a result of the negligence of the Defendant, Bonnie Dennis has sustained loss of affection aid, society, companionship, and support, including loss of consortium.

WHEREFORE, Plaintiff prays for judgment against the Defendant for special damages in the amount of \$65,000.00, for general damages and for other further relief as the Court may deem just and equitable.

GEORGE L. DENNIS, DVM and
BONNIE DENNIS, husband and wife

BY: 

E. Terry Sibbern #13826
SIBBERNSEN, STRIGENZ
& SIBBERNSEN, P.C.
1111 N. 102nd Ct. Ste. 330
Omaha, NE 68114
(402) 493-7221

and

Russel S. Daub #10908
2800 S. 110th Ct. #1
Omaha, NE 68144
(402) 393-4233

ATTORNEYS FOR PLAINTIFFS